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IN THE HIGH COURT OF DELHI AT NEW DELHI

Reserved on: 23.04.2018

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Judgment delivered on: 01.06.2018

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FAO 443/2017

ANURAG SANGHI & ANR

..... Appellant

Through: Mr. Chander Lall, Ms. Nancy Roy, Mr. Gaurav Miglani and Ms. Samreen Khan, Advs.

versus

KNITPRO INTERNATIONAL

..... Respondent

Through: Mr. Akhil Sibal, Sr. Adv. with Mr. S.K. Bansal, Mr. Ajay Amitabh Suman, Mr. Pankaj Kumar, Mr. Kapil Kumar Giri and Mr. Vinay Kumar Shukla, Advs.

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CORAM:

HON'BLE MR. JUSTICE NAJMI WAZIRI

NAJMI WAZIRI, J.

1. These appeals impugn an order dated 31.08.2017 passed by the Trial Court granting ad interim ex-parte injunction against the appellants in suits filed by the respondents/plaintiffs.

BRIEF FACTS:

2. The parties are engaged in manufacturing and selling of knitting needles and allied products. In an earlier round of litigation, a settlement had been arrived at between the parties recognising the rights and interests of the respondents/plaintiffs and delineating unrestricted areas of operation for the appellants. Over time, on account of some developments, the plaintiffs felt aggrieved that, activities of the appellants had breached the terms of the Settlement Agreement dated 20.07.2016 in many ways, hence, they sought an injunction seeking protection of their statutory and common law rights, resulting in the impugned order. The said ex-parte injunction order restrains the appellants from manufacturing, marketing, supplying, using, selling, soliciting, exporting, displaying, advertising directly or through the Internet or by any other mode or manner, the impugned trademark/trade dress annexed as D, D1, D2, E and F (colly) or any other trademark/trade dress which are deceptively similar and/or fraudulent and/or

obvious imitation of the plaintiff's said shape and trademark/trade dress annexed as A, A1, A2, B and C (colly) in relation to knitting needles and related products; and from doing any other acts or deeds amounting to or likely to be in violation of plaintiff's common law rights therein.

3. On 28.08.2017, the plaintiffs had filed a suit (Suit No. 918 of 2017) against the infringement of their design by the appellants, an ex-parte injunction was granted on 31.08.2017. Subsequently, they filed two more suits on 30.09.2017- one against passing-off (Suit No. 178/2017) and another for injunction against copyright, infringement of drawing (Suit No. 179/2017). An ex-parte injunction was granted on 09.10.2017. The Trial Court appointed Local Commissioners, in both the suits, who discharged the commission by visiting the appellants' premises on 07.11.2017, and examining, making inventory of the infringing goods. They submitted their reports. All the three suits were decided by a consent order of this Court on 14.11.2017 in the aforementioned FAO 443, 445 and 446 of 2017. These became the subject matter of an SLP, which remanded the matters back to this Court for fresh disposal, in accordance with law. However, vide this Court's order dated 14.11.2017, the said sealed/ seized goods were directed to be made available to the appellants.

4. The ex-parte impugned injunction is apropos Fixed Circular Knitting Needles, Double Pointed Knitting Needles, Single Pointed Knitting Needles and Interchangeable Knitting Needles. According to the plaintiffs, the Knitting Needles permitted to be manufactured and sold by the appellants as per the Settlement Agreement dated 20.07.2016 were the ones in Column A as against the plaintiff's product mentioned in Column B. But, now the appellants have started manufacturing items shown in Column C, which

according to the respondents/plaintiffs is in breach of the agreement and in conflict with their registered design. See photo below:



5. The obvious and distinctive features of the items permitted to be manufactured and sold by the appellants, were needles having a black tip on a wooden body; if a needle had a head or connector attached to it, that too would have to be black in colour. In other words, the black tipped and/or black headed needles were agreed to be the distinctive and defining feature of the appellant's needles. The plaintiff's products had metallic tip but not necessarily in black colour. The plaintiffs also manufactured and marketed knitting needles made of a single wooden piece of uniform colour or design (Chevron pattern).

6. The plaintiffs had a grievance that the design of needles adopted by the appellants being Annexure D, D1, D2, E and F (depicted here-below) were deceptively similar to and an obvious imitation of the plaintiff's

designs covered under registration nos. 249066, 249067 and 263053 (Annexure A, A1, A2, B and C) and therefore amounted to infringement of the plaintiff's registered designs.

TRIAL COURT ORDER:

7. The impugned order referred to the decision of this Court¹ which held that infringement and passing-off are two distinct remedies – the former emanates from the statute – section 27(2) of the Trade Marks and Merchandise Marks Act, 1958; it gave statutory recognition to the remedy against passing-off as well. However, absence of the same in the Designs Act, 2000 would not mean that such remedies would not be available in the case of designs. Remedies against passing-off of a design would be through institution of a suit by the registered design owner. Such an action could not be combined with the suit for infringement of the design. The basis for a suit for infringement under the Designs Act, 2000 is based on the uniqueness, newness and originality of the design; while an action for passing-off is opted for when, a party was misrepresented by using the plaintiff's trade mark, the consequences of which includes damage to the reputation and to the goodwill of the plaintiff and plaintiff's goods². In *Micolube India Limited* (supra) the Full Bench held that dual protection may exist under the two IPR regimes of Design law and Trademark law, especially in case of the shape of an object; that while simultaneous registration as a Trade Mark and Design was not permitted, there was no bar

¹ Smithkline Beecham Consumer Healthcare GMBH v. Hindustan Lever Limited: 2000 (52) DRJ 55

² *Micolube India Limited v. Rakesh Kumar & Ors.*; CS(OS) No. 384/2008) & *Mohan Lal vs. Sona Paint & Hardware*; CS(OS) No. 1446/2011) [2013 (55) PTC 61 (DEL)]

on a design being used as a Trade Mark after its registration. The Court, therefore, held that dual protection under the design law and trade mark law was permitted.

8. After initial examination of the plaintiff's case, the impugned order came to the prima facie view that the plaintiffs had been able to establish that they had attained reputation and goodwill in their products and that the defendant had committed acts of misrepresentation. The order also opined that in an action for passing-off, it was essential that firstly, the design be used as a mark and the people who are familiar with the products, are immediately able to identify the products of the plaintiff's even without plaintiff's name being mentioned thereon. It also opined that often, the hallmark of all well-known designers is clearly evident and identifiable from the manner in which they use different materials and fashion the products in a unique form or style. Shapes help in determining and communicating the choices people make. Therefore, design acquires an identity of its own and is unique to its maker/manufacturer/owner. The infringement of the same would be liable for a judicial injunction. The Trial Court also referred to cases in which defendants were restrained from use of a particular design on fabric material³ and from using bottles of the same shape of the plaintiff's bottles, on the ground of infringement of design and passing-off⁴. Apropos the law on passing off-in designs, the impugned order refers to the decision of this Court in *Mohan Lal, Proprietor of Mourya Industries vs Sona Paints & Hardwares* and *Micolube India Limited vs. Rakesh Kumar*

³ Eicher Goodearth Pvt. Ltd. Vs. Krishna Mehta,

⁴ Cello Household Products vs. Modware India,

Trading as Saurab Industries & Ors. 200 (2013) DLT 322 which also held that in passing-off, the plaintiffs would have to establish that (i) there is a goodwill or reputation attached to the goods or services which the plaintiffs offer, i.e. the purchasing public or the consumer is able to associate it or is in a position to identify such goods or services with the plaintiff, by virtue of the trademark used, these identifying marks could include the get-up, trade-dress, design, packaging, label, etc. (ii) the defendant has employed misrepresentation which has made the consumer believe that the defendant's goods are those of the plaintiff's and lastly (iii) the defendant's action has caused damage or is calculated to cause damage to the plaintiffs.

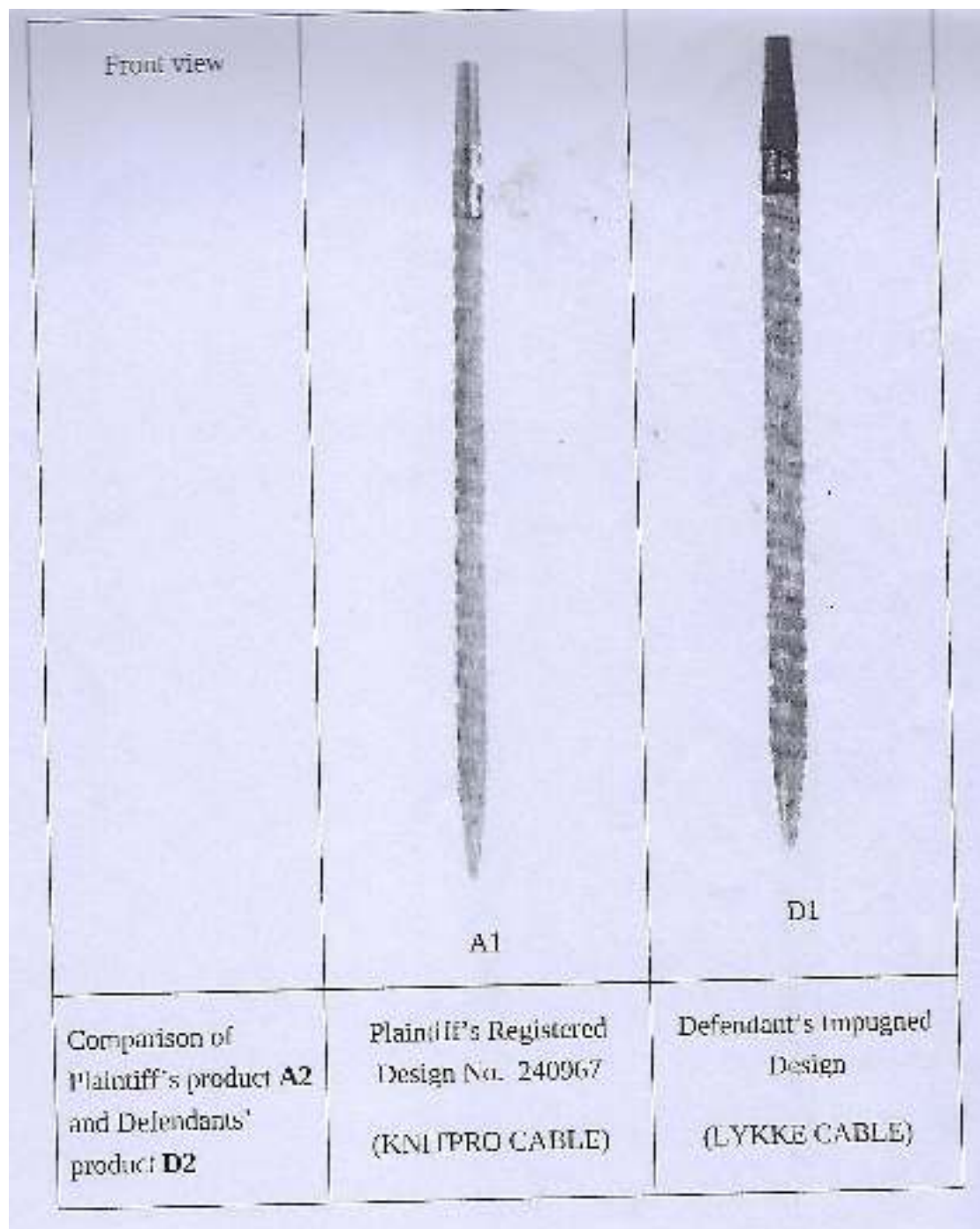
9. The impugned order compared the offending designs of the appellant vis-a-vis the plaintiff's design and found them to be infringing the plaintiff's registered designs and trademarks; as shown herebelow:

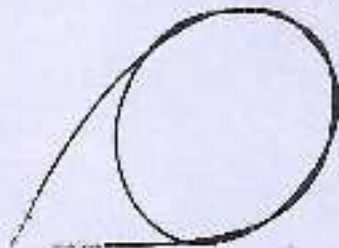


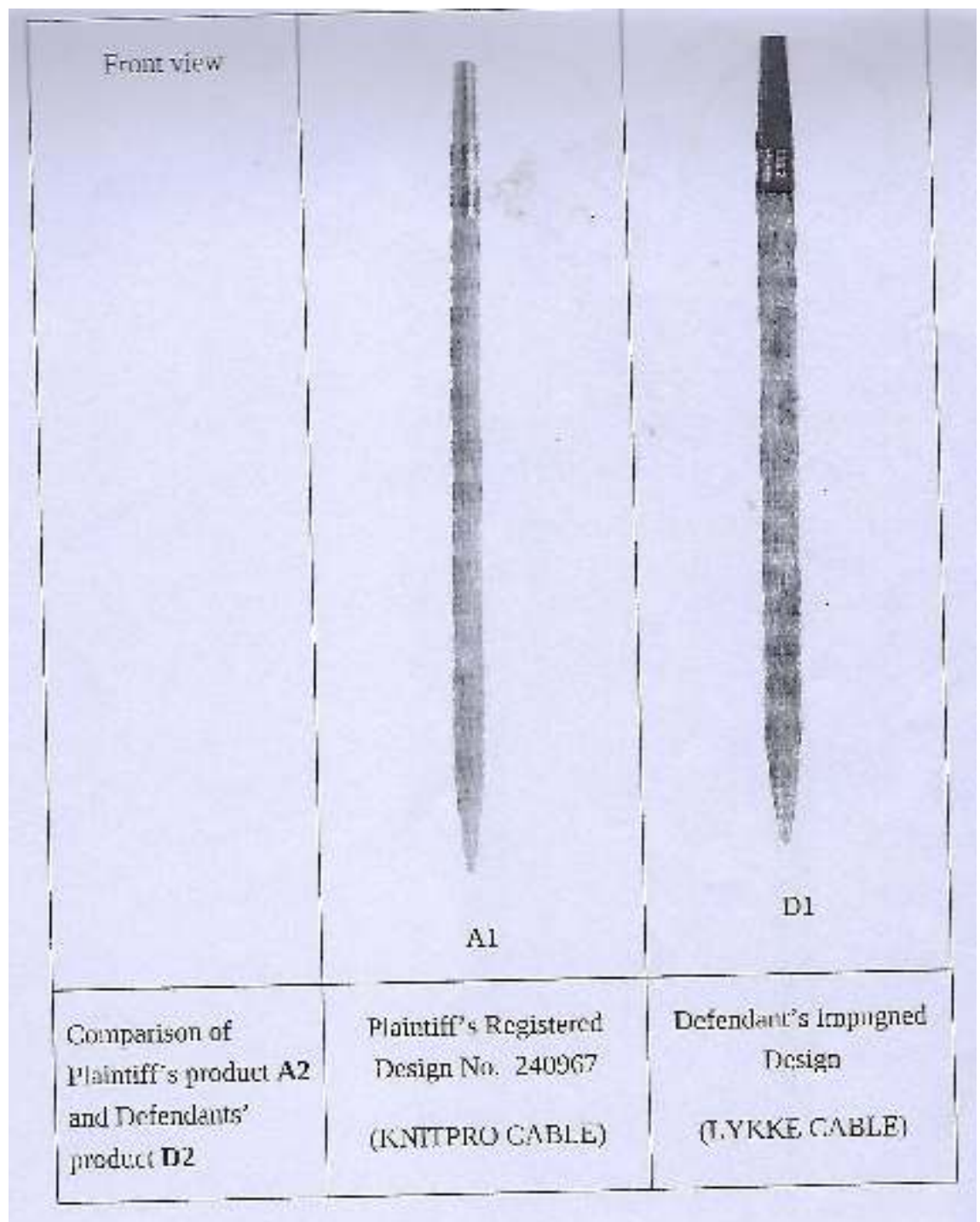
Comparison of Plaintiff's product A and Defendants' product D	Plaintiff's Registered Design No. 249067 (KNITPRO BAMBOO FCN – US15)	Defendant's Impugned Design (LYKKE FCN-US7)
		
	A	D
Comparison of Plaintiff's product A1 and Defendants' product D1	Plaintiff's Registered Design No. 249067 (KNITPRO BAMBOO ICN – US7)	Defendant's Impugned Design (LYKKE ICN – US7)



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	A2	D2
Comparison of Plaintiff's product B and Defendants' product E	Plaintiff's Registered Design No. 249066 (KNITPRO BAMBOO ICN - US15)	Defendant's Impugned Design (LYKKE ICN - US15)
Front view		
	B	E
Comparison of	Plaintiff's Registered	Defendant's Impugned



10. After considering the visual impact of the shape, colour, size and design of the appellant's products with those of the plaintiff's registered design, the impugned injunction order concluded that prima facie, the appellants' had infringed the plaintiff's intellectual property rights. The plaintiff's products are marketed under their product line which is known as KNITPRO SYMFONIE, while the appellants have marketed their products under the brand name, LYKKE. The plaintiffs had claimed exclusive rights in the said design registration, within the meaning and ambit of section 2(c) and 11 of the Designs Act, 2000 and claimed that their products/goods under the aforementioned design have become well-known with respect to their patterns, configuration and shape; that their design had become symbolic to its said range of products, in such a way that it had gained phenomenal prominence and exclusivity in the market and the public immediately associates the products bearing the plaintiff's design solely with the plaintiffs. The plaintiffs had argued that they had been using the respective designs in relation to knitting needles uninterruptedly in the course of the trade; had built up a valuable trade, goodwill and reputation, both in India and overseas; the goodwill and reputation was also achieved through its websites www.knitpro.eu/ and www.knitterspride.com., the said websites and other services have been used for promotion, development and popularisation of its products and increase of business under the registered designs; they maintained formidable presence of their designs on the Internet and otherwise also in the business of knitting needle providers. Additionally, the plaintiff had been using various intermediary websites as well as other social media for the same purposes. It is the plaintiff's case that its website has assisted lakhs of people to find information on the

plaintiff's products. The plaintiffs claimed that the defendant has a history of violating intellectual property rights.

11. The impugned order records the plaintiff's contention that the appellants were fully aware about the plaintiff's products, their registered designs, their goodwill and reputation as well as the expansive use and overall benefit of the plaintiff's designs, when the appellants' adopted the said designs; that the resemblance between the rival designs is so close that it could hardly happen by a deliberate imitation by the defendant. Nevertheless, the defendant went ahead, adopted the same design and appearance of the plaintiff's products and sought to pass them off as their own; this was done dishonestly, fraudulently and out of greed, with a view to take unfair advantage of the plaintiff's goodwill, reputation and proprietary rights in their registered designs. The plaintiff's have contended that any unsuspecting person could be misled into believing that they were dealing with the plaintiff's products. The plaintiffs had also contended that:

"a. Defendants have been violating intellectual property rights of plaintiff's said family concern namely M/s Indeutsch International who has filed a civil suit being Suit no. 240 of 2012 before this Hon'ble Court against the defendants in which ex-parte injunction was granted vide order dated 11.10.2012 against use of CHEVRON PATTERN TRADEMARK.

b. The plaintiff filed Suit bearing No. 170 of 2015 (subsequently renumbered as CS(OS) No.2142 of 2015) against the defendants in relation to shape trademark before the Hon'ble District Judge, Patiala House District Court in which ex-parte injunction was granted vide order dated 25.06.2015.

c. The plaintiff filed Suit bearing No. 27 of 2015 (subsequently renumbered as CS(Comm) 432 of 2016) against the defendants in relation to District Judge before the Hon'ble District Judge, Patiala House District Court in which ex-parte injunction was granted vide order dated 25.06.2015.

d. Subsequently both the Suits bearing CS(Comm) 432 of 2016 and CS(OS) No.2142 of 2015 were decreed in view of Joint Compromise application under Order 23 Rule 3 CPC , vide common order dated 20.07.2016 passed therein and the copy thereof is being filed herewith.”

ARGUMENTS ON BEHALF OF THE APPELLANTS:

12. The appellant impugns the said injunction order on the ground that the two suits filed by the plaintiffs had sought, inter alia, i) permanent injunctions to restrain infringement of the plaintiff's registered design under the Designs Act, 2000 and passing-off, delivery up, etc. as well as ii) injunction to restrain passing-off, damages, delivery up, etc. apropos the appellants' impugned shape, trademark/trade dress vis-a-vis plaintiff's Knitpro shape, trademark/ trade dress. It is argued that the subject matter of the two suits, leading to the filing of the present appeals, were completely covered by two previously instituted suits before this Court and the resultant statement recorded by this Court's order dated 20.07.2016; that the appellant's product were squarely covered by the settlement terms yet they were seized by the impugned order (although later ordered by this Court to be released); that the appellant's products, which were the subject matter of the injunctions are the exceptions carved out by the aforesaid Settlement Agreement for use by the appellants, yet the plaintiffs have negatively

alluded to the same, and have caused immense damage to the appellant's business by seeking injunction at the end of the year, particularly during Christmas time, when the said products are most sought after in the international market.

13. According to the learned counsel for the appellant, a false assertion has been made that the plaintiff's products are sold in India/Delhi. It is argued that the plaintiff's and respondent's designs are entirely different and in no way violates the aforesaid Compromise Deed/Settlement Agreement between the parties; that the only restraint in the compromise was that "*the defendants would not use laminated wood in any natural colour, other colours or form to manufacture, market, promote and sell any knitting needles and crochet hooks in future*". The term "laminated wood" as defined in sub clause (vi) of Clause 3 of the Compromise Deed/Settlement Agreement would mean "*wood that has been cut into thin layers, then glued under pressure or without pressure.*". It is the plaintiff's case that, pursuant to the settlement, the appellant had developed a new technology for manufacturing of knitting needles by using solid wood impregnated with resin through a novel process and filed an application for registration of the patent in the process of wood stabilization; that there was no restraint in the use of tips which had the same material as the shaft of the knitting needle. It is argued that with respect to the Fixed Circular Knitting Needles, the plaintiffs had categorically agreed that the following would not violate any of its rights:

"(a) Knitting needles or crochet hooks carrying the striped pattern and with a tip only in striped brown wooden finish with black colour brass tips and metallic connectors;

(b) Knitting needles or crochet hooks in striped brown wood finish body with matching black color brass tips;”

14. The appellants argued that under paragraph 3(v) of the Settlement Agreement it has been agreed that the appellant “would not manufacture, market, promote and sell any knitting needles and crochet hooks in any material, form or shape carrying the striped pattern” apart from those agreed and represented above and those in annexure B1-B8 of the Settlement Agreement as described above. It is argued that none of the said conditions have been violated by the appellant’s products and the goods have been wrongly seized; that the appellant’s goods are neither similar to nor do they use same material and colour, for the tip of the shaft. It is argued that its products are the exception of the Settlement Agreement between the parties and insofar as it falls in the excluded category, it does not violate the terms of the settlement.

15. Since the appellants relied largely on the Compromise Deed, it would be worthwhile to reproduce the same. It reads inter alia as under:

1. That the above mentioned suit is pending adjudication before this Hon’ble Court. The plaintiff has filed the above mentioned suit against the defendants for piracy and/or infringement of plaintiff’s registered design under no. 249065, 249067 and 249068 and violation of plaintiff’s right’s under design under no. 249065, 249067, 249068 and 249066.

2. That the ex-parte ad-interim injunction was granted on 25th June, 2015 against defendants and local commissioner was also appointed vide said order by Ld. ADJ-03, NEW DELHI at Patiala House Courts, New Delhi. The commission was executed on 3rd July, 2015. A large

number of infringing products were seized at defendant's premises. The matter was then transferred to this Hon'ble Court in view of application/petition filed by the defendants.

3. That the Plaintiff (through its one of the partners-Mr. Shirish Jain) and Defendants (through Mr. Anurag Sanghi, defendant no. 1 and Constituted Attorney of. defendant no. 2) have mutually resolved their disputes and have agreed to enter into a compromise on tire following terms and conditions:

i. That the Defendants admit proprietary rights of the plaintiff in view of the plaintiff's rights under the registered designs under no. 249065, 249067 and 249068 and application under no. 249066.

ii. That apart from the product referred to in para 3 (iii) below, as agreed and represented in Annexure B-1 to B-8, the defendants undertake not to use any design which is substantial reproduction or identical with or in any other colour combination or deceptively similar with that of the plaintiff's registered designs (of Knitting Needle [Fixed Circular Needle], knitting Needle [Double Pointed Needle] , Knitting Needle [Single Pointed Needle] under no. 249065, 249067 and 249068 and of plaintiffs design of Knitting Needle [Interchangeable] under application no. 249066 and/or the designs (of which representation is given in Annexure-A (Colly)-Pages 1 to IC of the plaintiffs documents dated 12/06/2015 in the present suit and/or designs [of which representation is given in Annexure-B-Page 2 of the plaintiffs documents dated 12/06/2015 in the present suit].

iii. That as part of the compromise, the Plaintiffs agree that the defendants can manufacture, market, sell or export knitting needles or crochet hooks carrying the striped pattern and with a tip only in striped brown wooden finish with black colour brass tips and metallic connectors, the representations of which are contained in Annexure- B-1 to B-8 and also represented or as per photographs attached in striped brown wooden finish body with matching black colour brass tips. The Plaintiff confirms that the same does not in any manner infringe the common law or statutory rights of the Plaintiff in knitting needles as depicted in Annexure A (Colly) to this application or any other knitting needles of the Plaintiff.

iv. That the defendants undertake to withdraw any design application/applications that similar/identical/deceptively similar to the plaintiff's registered design under no. 249065, 249067 and 249068 and application under no. 249066.

v. That apart from the product referred to in para 3 (iii) above, as agreed and represented in Annexure B-1 to B-8, the defendants would not manufacture, market, promote and sell any knitting needles and crochet hooks in any material, form or shape carrying the Striped pattern.

vi. That apart from the product referred to in para 3 (iii) above, as agreed and represented in Annexure B-1 to B-8, the defendants would not use laminated wood in any natural colour,

other colours or form to manufacture, market, promote and sell any knitting needles and crochet hooks in future. Laminated wood as described herein would mean wood that has been cut into thin layers, then glued together under pressure or without pressure.

vii. that apart from the product referred to in para 3 (iii) above, as agreed and represented in Annexure B-1 to B-8, the defendants would not manufacture, market, promote and sell any knitting needles and crochet hooks with metallic tips or tips (that are at one end of the knitting needle used to pick up the stitches) in any material, colour, form or shape where the material, form or colour of the tip is different from the material, form or colour of the shaft of the knitting needle. This applies to any type or knitting needles and crochet hooks made from any type of raw material including wood, aluminium, brass, any type of steel, other metal, acrylic, plastic, carbon fibre, bamboo, etc. and in any type of colour combination.

viii. That the defendants would not give any know-how or product development technology for manufacture of the knitting needles and crochet hooks in striped pattern or those made of laminated wood or those having any kind of tips including those agreed in Annexure B-1 to B-8 to any related .or unrelated parties in India or abroad.

ix. That the defendants would not directly or indirectly produce, market, promote or sell the above referred products in paras 3 (ii), (v), (vi), (vii) directly or indirectly to any related or unrelated parties in India and overseas.

x. That the defendants would not oppose any Knitpro International or Indeutsch, International's applications, directly or indirectly, pertaining to different types of IP rights with reference to .all types of knitting needles and crochet hooks as filed before 03rd July, 2015 in any office or forum in India or abroad.

xi. That that defendants undertake that they have not filed any design application/applications that is similar/identical/deceptively similar to the plaintiff's KMIPRO 1)1-SIGNS in Class 26 and also undertake to withdraw opposition to any of plaintiffs design application/registered design rights or any other IP application or registered IP rights in Class 26 or any other class as on the date of this settlement.

xii. That the Plaintiff undertakes to return to the Defendants all seized goods which are in the Superdari oJ the Plaintiff and which are not infringing to plaintiff's rights. Al infringing material-and goods would be destroyed in the presence of the plaintiff's representative/counsel and the remaining materials, can be returned to the Defendants for further use in "accordance with" use agreed in Para 3(iii) above. The plaintiff is entitled" to make photography and videography of the same. The Plaintiff will not be responsible for any damages to the goods.

xiii. That the Defendants are willing to suffer decree of permanent injunction in terms of Para No:32(a)(i) and (ii) of the plaint tor

piracy and/or infringement of plaintiff's registered design under no. 249065, 249067 and 249068 and violation of plaintiff's rights under registration no. 249065, 249067 and 249068 and under application no. 249066.

xiv. That in view of above undertakings of the Defendants as mentioned in para (i) to (xiii) above, the plaintiff has agreed to give up other prayers as prayed for in Para No.32(b), 32(c), and 32(d) of the plaint.

4. That the aforementioned compromise has been entered into between the parties without any force, coercion or undue influence and out of their own free will;

5. That the aforementioned compromise terms shall be binding on parties, their representatives, assignees, distributors, dealers, agents, employees etc., or any other person acting on their behalf as the case may be.

6. That the necessary supporting affidavits of the respective parties are being filed herewith, in support of the instant - application."

16. Referring to clause 3 (vii) above, the learned counsel for the appellants contends that: (i) the compromise limits the scope of its ambit to safeguarding the plaintiff's products by limiting the appellant to manufacture only the products specified therein apropos such products which the plaintiff was then manufacturing; (ii) it is not an all encompassing permanent embargo or self-restraint upon the appellant from manufacturing such products which are not covered under the compromise deed; (iii) the appellants could not manufacture, market, sell or export knitting needles or crochet hooks carrying the striped pattern and with a tip only in striped

brown wooden finish with black colour brass tips and metallic connectors, the representations of which are contained in Clause 3(iii); Annexure B, B1 to B8; and (iv) that the appellants were precluded from manufacturing, marketing, promoting and selling knitting needles and crochet hooks with metallic tips in any material, colour, form or shape where the material, form or colour of the tip was different from the material, form or colour of the shaft of the knitting needle. Therefore, the appellant contends that if the shaft of the tip was the same material or colour, then there was no bar, so long as the material and the tip was not of a stripped pattern or of laminated material.

17. The appellant argues that design registration no. 363053 was a part of the Settlement Agreement and has been indeed introduced only to cause confusion to give it to same agreed protection under the aforesaid compromise/settlement between the parties.

ARGUMENTS ON BEHALF OF RESPONDENT/PLAINTIFF:

18. Refuting the aforesaid arguments, the learned Senior Advocate for the respondent contends that as per clause 3(i) of the Compromise Deed, the appellant had given up all the arguments and rights to the validity of four registered designs under applications no. 249065, 249067, 249068 and 249066; of which 249066 and 249067 are relevant for the present purposes. Additionally, the appellant had agreed to manufacture products only in the shape and design as specified in Annexure B1 to B8; in particular reference is made to Annexure B2 and to its serial no. 10 which specifies the size of the needle as 4.50 mm in diameter; 128 mm in length; the metal connector length as 30 mm; metal tip length as 22 mm and wood length as 76 mm

corresponding to US size 7. It is contended that the appellant was permitted to use the design and the specific dimensions only for this US item and not for the other products which are protected under common law. It is the appellant's case that the aforesaid dimensions are not standardized US manufacturers' specific dimensions. In any case, the permission was only with respect to the metallic tip at both ends and in no case did the compromise envisage the appellants' needle tip to be made of wood.

19. The respondent further submits that there were two agreements – one with respect to the designs/shapes, specific sizes, colour and the material to be used; while the other compromise deed of the same date, was apropos the terms and conditions of admission to the present plaintiff's proprietary, common law rights in Knitpro shape trademark/trade dress whereunder the defendants/appellants had undertaken not to use any shape trademark which is a substantial reproduction of or is identical with or in any other colour combination or being deceptively similar to that of the plaintiff's Knitpro shape trademarks/trade dress (representation of which is given in Annexure-A (Colly)) and/or shape trademarks/trade-dress as per Annexure B and/or identical with or deceptively similar with that of the plaintiff's shape trademarks/trade dress of Fixed Circular Cable Knitting Needle under no. 2416516 in class 26 and/or Double Pointing Knitting Needle under no. 2416519 in class 26 and/or Single Pointed Knitting Needle under no. 2416517 in class 26 and/or Interchangeable Knitting Needle under no. 2416518 in class 26.

20. The respondent also contends that the appellant's endeavour to find products not covered under the Compromise Deed is an exercise in futility and would provide them no cause for relief because they themselves have

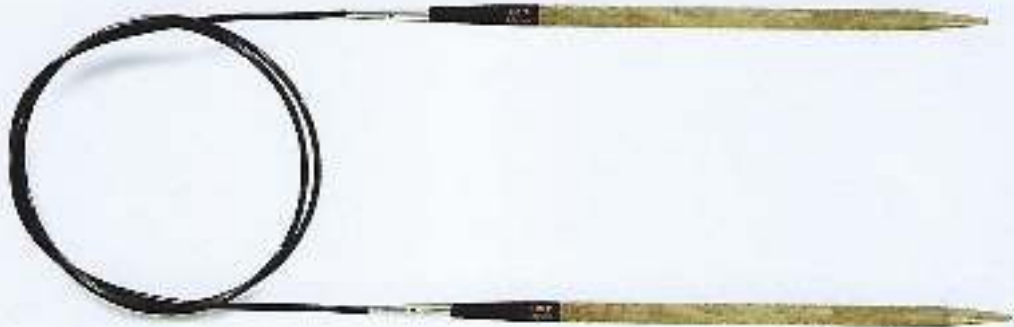
given up all rights to object to the registration of the designs in favour of the plaintiffs. Simultaneously, they have given up all their rights except as specifically conceded to them by the plaintiff in the Compromise Deed. The said document therefore estopps them from utilising the plaintiff's design in any material or colour. In other words, imitation and passing-off of the plaintiff's products by the appellant in any product colour other than what is permitted in the Settlement Agreement/Compromise Deed would be subjected to an injunction. Alternatively, he argues that if it is the appellant's case that the compromise permits the manufacture and sale of a needle made up of same wooden shaft and tip, which they claim to have developed by using a new technology for manufacturing of knitting needles by using solid wood impregnated with resin through a novel process and have filed an application for registration of the patent in the process of wood stabilization, then the appellants would have to show that their new innovated product would not infringe the common law rights of the plaintiffs. However, he fairly submits that stage of examination of the same has not yet risen because the impugned order is based on a prima facie view and it would be open to the appellant to prove the same in the suit. The appellant claims that their products were permissible in view of the exclusion envisaged in clauses 3 (iii) and 3 (vii).

21. The learned counsel for the plaintiffs has relied upon a Comparison and Analysis Report of the concerned goods of Knitpro's Products versus the respondent's Lykke's range of products. It is authored by an Assistant Professor (Department of Mechanical Engineering, B.I.T., Gorakhpur), ITM Gorakhpur. He has examined in detail the exact dimensions of the products of the two parties. According to the Report, the dimension, shape and

design of the appellant's products are identical. Some of the comparisons of the products are as under:



LYKKE INTERCHANGEABLE NEEDLE US7 - 4.50mm

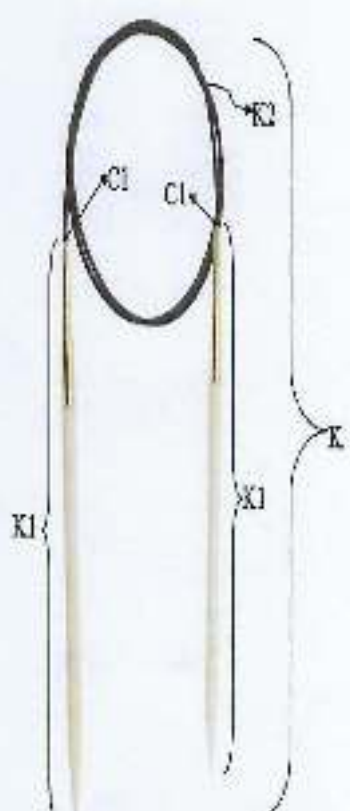
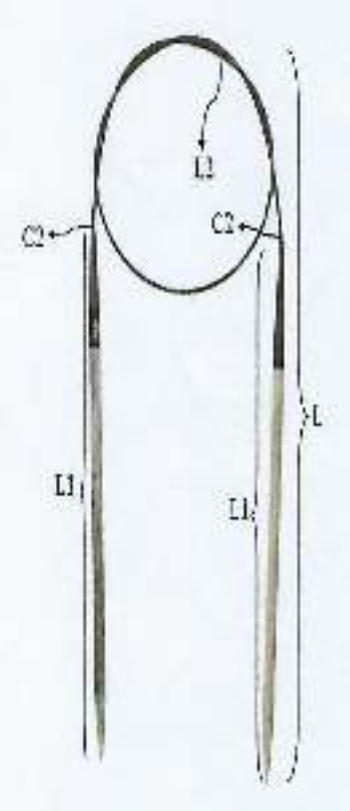


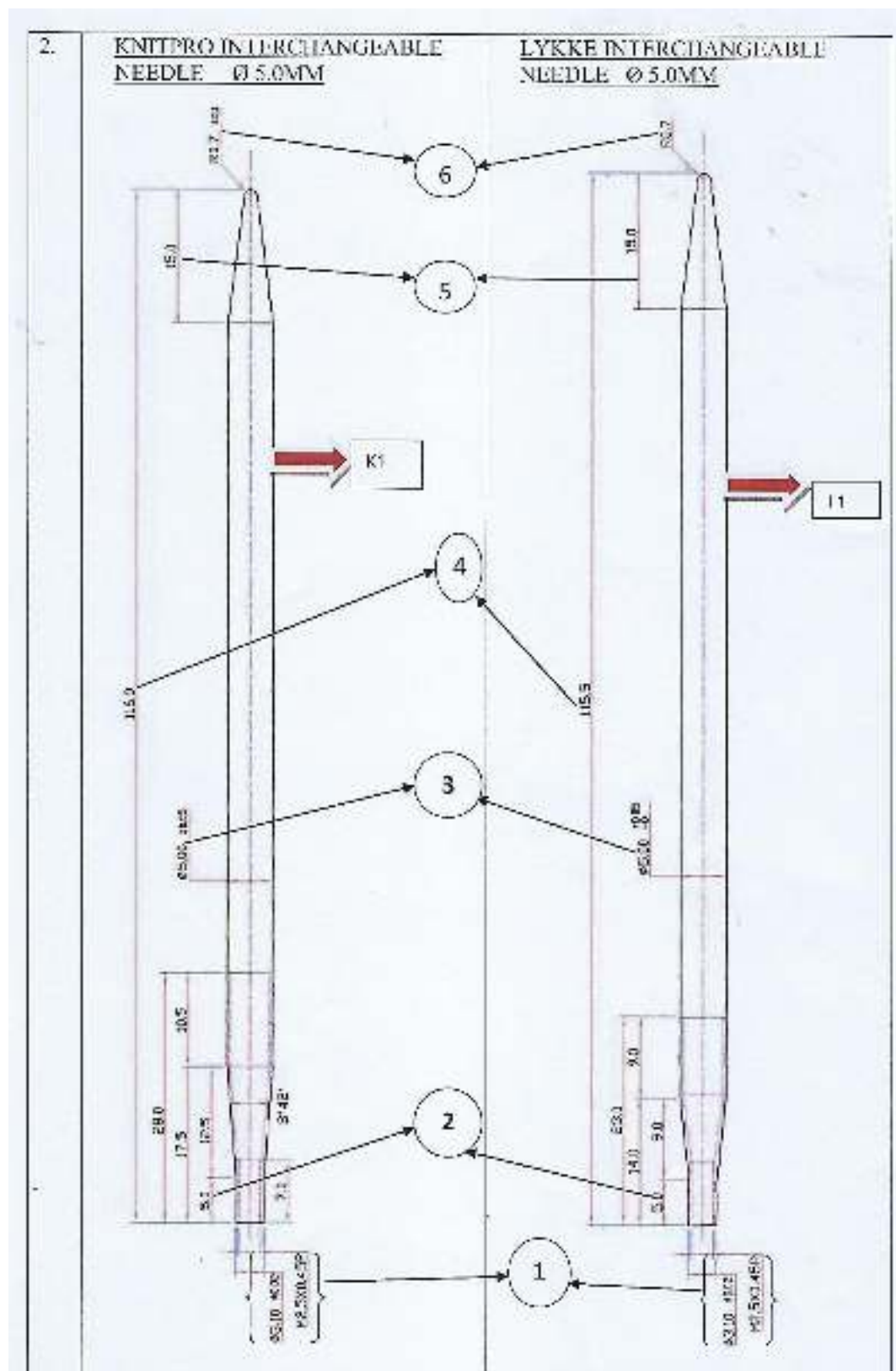
BASIX BIRCH ICN US7 - 4.50mm



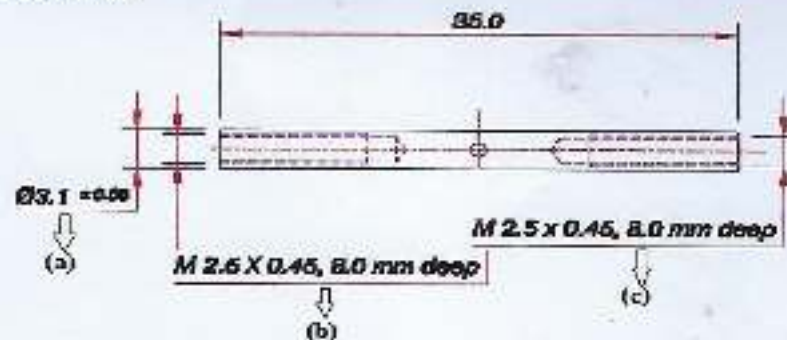
Comparison table for *KNITPRO INTERCHANGEABLE NEEDLES VS LYKKE IN INTERCHANGEABLE NEEDLES* and their parts thereof.

Note: All dimensions are in millimeter (mm).

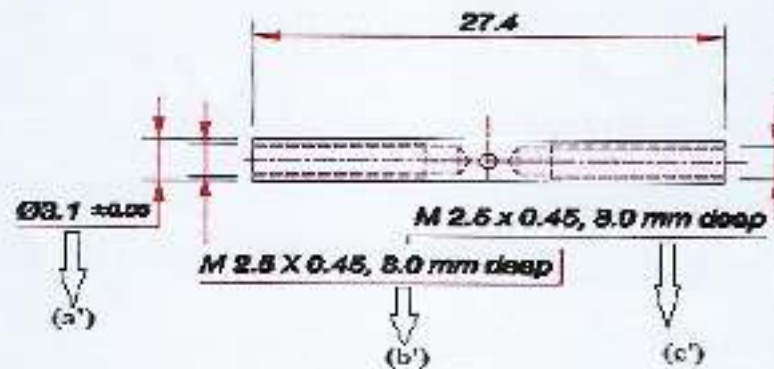
S. No	KNITPRO's Product	LYKKE's Product
1.	<u>KNITPRO INTERCHANGEABLE NEEDLE ASSEMBLY</u> 	<u>LYKKE INTERCHANGEABLE NEEDLE ASSEMBLY</u> 



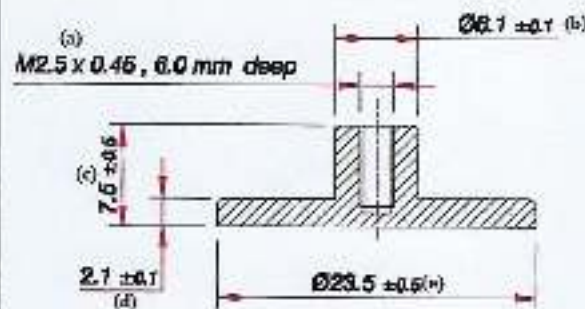
5. KNITPRO- CABLE CONNECTOR FOR INTERCHANGEABLE CONNECTOR ASSEMBLY



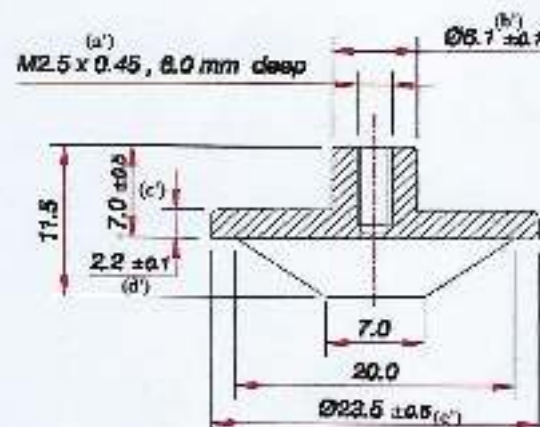
LYKKE- CABLE CONNECTOR FOR INTERCHANGEABLE CONNECTOR ASSEMBLY



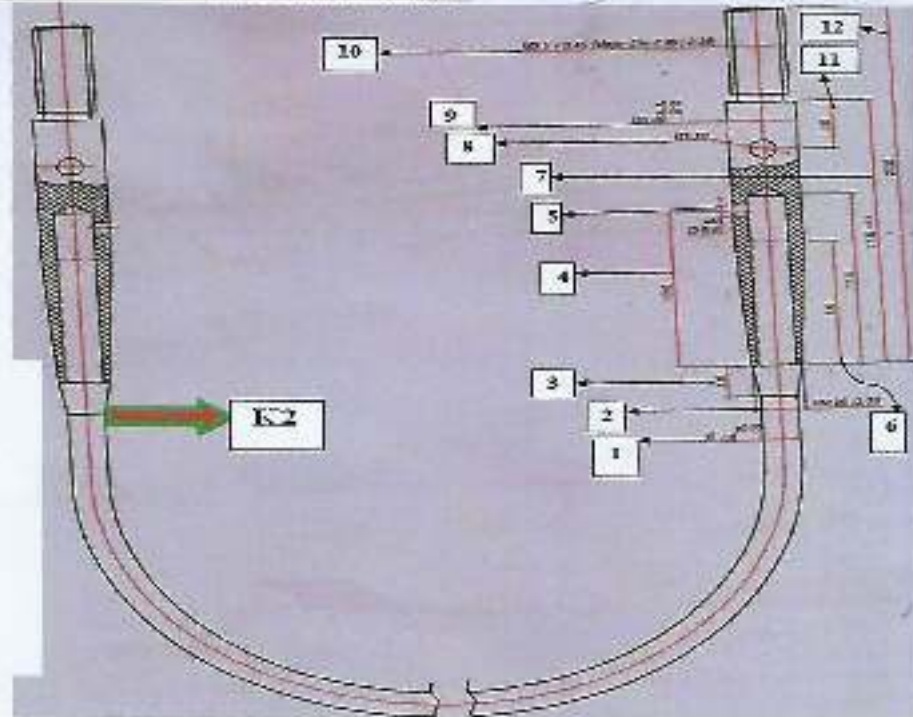
6. KNITPRO - END CAP FOR INTERCHANGEABLE CONNECTOR ASSEMBLY



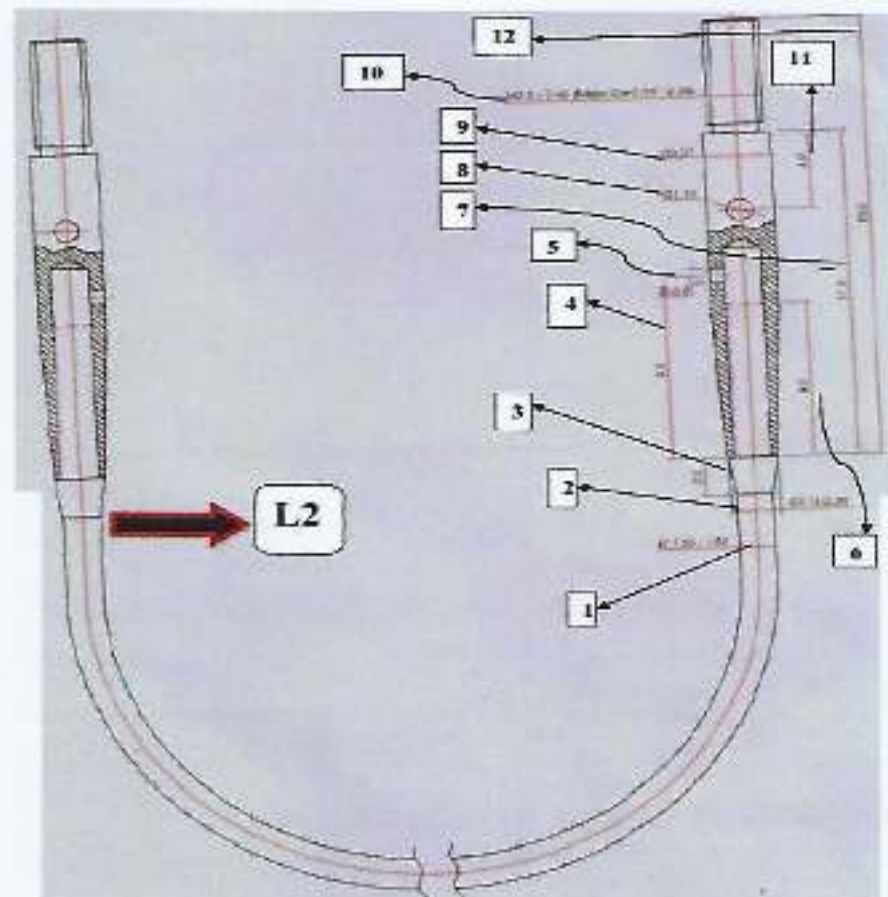
LYKKE - END CAP FOR INTERCHANGEABLE CONNECTOR ASSEMBLY

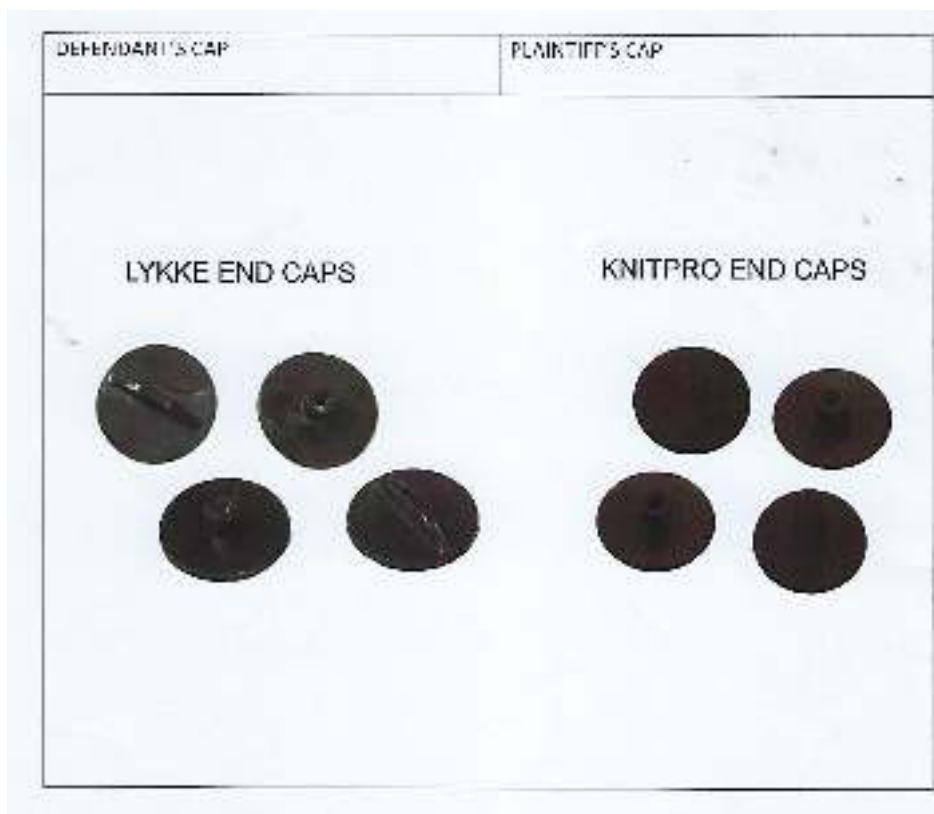


4. KNITPRO INTERCHANGEABLE CABLE ASSEMBLY



LYKKE INTERCHANGEABLE CABLE ASSEMBLY





REASONING:

22. The appellants have argued that in proceedings before the Office for Harmonization in the Internal Market (Trade Marks and Designs), the plaintiffs had in defence of their tessellating ‘chevron pattern’ in blue colours, had contended that *“the informed user would pay less attention to the needle shape and the metallic connector as these aspects of the design are common to the products at issue and are dictated by the technical function of a knitting needle. By contrast, their attention would be attracted solely, or at the very least in particular, to that area in which the designer is free to develop the design – the decoration of the shaft...”*, therefore, the plaintiff’s cannot now seek to set up a case for injunction merely on the

basis of designs of the needles because: (i) they have already admitted that needle shape and the metallic connector are common to the products and are dictated by the technical function of the needle; (ii) the plaintiff's had argued that the deceptiveness of the needle was due to the design on it and not necessarily because of the actual shape of the metallic connectors; and (iii) that it is on this basis that they were granted the protection in the uniqueness of the "chevron pattern" adopted by them. The Court, however, is not persuaded by this argument because the parties have agreed to a settlement, limiting the use of the plaintiff's registered designs by the appellants, only with respect to those items permitted in terms of Annexure B1 to B8 of the Compromise Deeds; in particular such usage was restricted to the appellant's needles having a metallic head and tip in black colour. The plaintiff's arguments for the sake of grant of the "chevron pattern" before the Office for Harmonization in the Internal Market, do not necessarily give up their common law rights and other rights, as may have crystallized against the appellants in the territory of India.

23. It is the settled law that in such matters the appellate Court will not interfere with the exercise of discretion of the court of first instance and substitute its own view and discretion, except where the impugned order has been shown to have been exercised arbitrarily or capriciously or where the impugned order has ignored the settled principles of law regulating grant of refusal of interlocutory injunctions. This Court in **Allied Nippon Ltd. & Anr. V. Allied Motors** 80 DLT 38 (DB) has held as under:

"...4. There is no doubt that appeal against an order granting ex parte injunction would be maintainable under Order XLIII, Rule 1(r) read with Section 104 of

the Code of Civil Procedure, but the scope of hearing such an appeal on the ratio of decision of a Division Bench of this court in Rajesh Batra vs Grandlay Electricals (India), 1997 1 AD (Delhi) 377 is limited. In the said decision it was held:

“The scope of hearing in such an appeal is limited. Ordinarily the Appellate Court would not take into consideration any new material. The hearing would be confined to finding out whether the original Court was justified or not in granting the ex parte order of injunction on the material available before it.

If the Appellant Court may concur with the view taken by the original Court then the appeal would be dismissed leaving it open to the appellant to contest the ex parte order of injunction before the original Court. If the Appellate Court may form an opinion that on the material available before original Court, the grant of injunction ex parte cannot be sustained then the appellate Court would set aside the ex parte order of injunction leaving it open to the parties to appear before original Court and have a hearing by-parte on the grant or otherwise of the order of injunction.

If the Appellate Court forms an opinion that on the material available on record of the suit before the original Court an injunction not in the form granted by the original Court but in a different form could only have been

granted ex parte then it may substitute its own order in place of the original order (under appeal) leaving it open to the opposite party to contest the issue as to grant of injunction by-parte before the original Court.”

.....

.....

10. It is a settled proposition in law that the Appellate Court will not interfere with the exercise of discretion of the Court of first instance and substitute its own discretion except where the discretion has been shown to have been exercised arbitrarily or capriciously or perversely or where the Court has ignored the settled principles of law regulating grant or refusal of interlocutory injunctions....”

24. Having considered the aforesaid facts and the rival contentions, the Court is of the view that the impugned *ex parte* order cannot be faulted with, because it has taken a plausible view in the context of the facts discussed till that stage. Furthermore, sub clauses (iii) and (vii) of clause 3 of the Settlement Agreement precludes the appellant from using the plaintiff's design for the manufacture of knitting needles in other material, except that which is specifically permitted i.e. the metallic head and tip in black colour with a wooden body in between. Sub clause (vii) comprises two sentences. The first one provides that apart from the products permitted in Annexure B-1 to B-8, the defendant was precluded from manufacturing any other knitting needle, crochet hooks with metallic tips in any colour, shape or form. The second sentence extends the said prohibition to any such products

made from any type of raw material including wood or any type of steel. In particular, it records that the appellants had agreed that the preclusion or restriction applied “*to any type of knitting needle and crochet hooks made from any type of raw material including wood, aluminium, brass, any type of steel, other metal, acrylic, plastic, carbon fibre, bamboo, etc. and in any type of colour combination.*”(emphasis supplied).

25. At this stage, the Court is not persuaded by the appellant’s contention that a needle having shaft and tip of the same wooden material is permissible under the Settlement Agreement, because sub clause (vii) of Clause 3 of the Agreement specifically bars the manufacture and sale of any products other than which were specifically permitted therein.

26. In view of the preceding discussion, the Court finds no reason to interfere with the impugned order. The appeal is without merit and accordingly is dismissed.

JUNE 01, 2018/acm

NAJMI WAZIRI, J.