

* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

Order reserved on : 13.08.2018
Order Pronounced on: 23.08.2018

+ **FAO(OS) 309/2017, C.M. Appl. No. 44902/2017**
M/S AASHIANA ROLLING MILLS LTD

..... Appellant

Through: Mr.Rajshekhar Rao, Mr. Kapil
Wadhwa, Ms. Devyani Nath, and Ms.
Kaveri Jain, Advocates

versus

M/S KAMDHENU LTD

..... Respondent

Through: Mr. Akhil Sibal, Senior Advocate
with Mr. S.K. Bansal and Mr. Ajay
Amitabh Suman, Mr. Nikhil Chawla,
Advocates

CORAM:

HON'BLE MR. JUSTICE S. RAVINDRA BHAT

HON'BLE MR. JUSTICE A. K. CHAWLA

JUDGMENT

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S. RAVINDRA BHAT, J.

1. This appeal by the defendant (hereafter referred to as "Aashiana"), questioning the temporary *ad-interim* injunction issued by the learned Single Judge on 03.11.2017, in a suit by the plaintiff/respondent (hereafter "Kamdhenu"). Kamdhenu alleged that Aashiana had infringed its registered design in the sale of the latter's FRIENDS 500 HD steel bars. Aashiana contended that Kamdhenu could not establish its registered design *prima facie* to be novel and

exclusive from the record so as to justify the impugned *ad interim* temporary injunction.

2. Briefly, the case set up in the suit is that the plaintiff manufactures and markets steel bars and other allied goods under the name and trademark, Kamdhenu®. It also claimed that to distinguish its TMT bars from the other bars in the market, it developed a unique design with new and original features of surface pattern, comprising of double ribs applied to 16 bars. This development took place in 2012. Kamdhenu applied for registration under the Designs Act, 2000; its claim was accepted, and the registration was granted in Class 25-01 with effect from 14.01.2013, by certificate issued on 29.08.2014 by the Patents and Designs Controller General. Kamdhenu applied the design to its product, known as SS 10,000 TMT, which it claims is the best quality steel bar. This resulted in its 'sole right to utilize a design in an artistic manner' and use it for its products or adoption of any identical or similar design.

3. The suit alleged that Kamdhenu became aware in the first week of June 2017 about the infringement by Aashiana, when it came across TMT bars and leaflets relating to the defendant's goods bearing the trademark 'Friends 500 HD' in the markets of South Delhi. The suit alleged that Aashiana applied and copied, adopted and imitated design identical to Kamdhenu's registered design in Class 25.01 and its registered trademark. It claimed that the surface pattern on the double ribs used and applied to Aashiana's TMT bars was identical or substantially similar to its design. These were an obvious imitation of

the plaintiffs registered design and this use of the design with the intention of imitating and using the plaintiffs registered design was fraudulent and would amount to an infringement.

4. At the stage of issue of summons, the learned Single Judge also issued an *ex parte* injunction order. Aashiana entered defense and urged that Kamdhenu had played a fraud on the design office by misrepresenting itself as the owner and originator of the designs in question. It pointed out that the design was copied from British standard BS 4449: 2005 category B500 C. These documents, according to Aashiana were suppressed by Kamdhenu. It asserted that the design was used as a standard for reinforcement bars worldwide and was in force since 1984 and that such standard was adopted by several countries, including Germany and the United Kingdom. Aashiana asserted that Kamdhenu could not enclose or claim any monopoly rights over an impugned design, which was a mere replication of the prevailing standard in respect of the goods.

5. Aashiana argued that to comply with the BS500C standard the manufacturer had to necessarily follow the transverse rib arrangement depicted in the standard published in 1984. According to Aashiana, Kamdhenu registered design was liable to be cancelled under section 19 of the Design Act. Aashiana also stated that it was in the business of manufacture and sale of steel bars, including TMT bars, since 1998, in Gujarat; its articles are approved by the standards organization-Bureau of Indian Standards (BIS) and that the impugned articles were designed in June 2017 and Aashiana, thereafter, commenced their trial

production. Samples of those goods were sent to the government approved labs for trial and testing purposes. Soon thereafter in June 2017, shape and surface pattern of the impugned product was in terms of what was prescribed by British standard BS for 49:2005 category D 500 C designs which had existed in the public domain. They confirmed to the categorization of reinforcing bars within the B500C standard. Aashiana complained that plaintiff could not have secured registration under the Design Act. In fact, it copied the design from the surface pattern proposed and laid out in the B500C class. It stated that it was in the process of filing a cancellation petition before the Controller of Designs in accordance with law.

6. This defense evoked a replication by Kamdhenu which besides reiterating the plaintiff's stand in the suit, saw Kamdhenu asserting that the design it obtained registration for was unique and novel. Kamdhenu stated that it produced bars, with ribs inclined 48° and 65° , being unique to it. It submits that the British Standards do not speak of this particular degree (or incline of the ribs on the bars) and it was not mentioned in the specific standard cited by the defendant or in BS 500C and relied upon by it. It is stated that the allegations are to be seen in the context of the fact that the exact same angles were copied by Aashiana which disclosed its intention to imitate and infringe the plaintiff's registered design. It was also highlighted that Aashiana's director was an ex-employee of the plaintiff. The machine operator, who used to work for the plaintiff, has also now been engaged by Aashiana to manufacture infringing goods.

7. The learned Single Judge while granting the interim temporary injunction till final decision in the suit, reasoned as follows:

“11. The plaintiff undoubtedly is the prior user of the design since 2013. As per the defendant's admission, it started trial production of the impugned steel bars only in June 2017. No substantial sales have been effected pursuant to that. On the contrary, the plaintiff has pleaded sale of subject matter products since 2013; its total sale for the year 2016-2017 was ₹ 8,377/- lacs. The total gross turnover of the plaintiff for the year 2016-2017 is ₹63,315/- lacs. The plaintiff has also shown that huge sum of money was spent on the advertisement of the subject matter. In 2016-2017, ₹27,50,292/- was spent on advertisement expenses and ₹1,13,86,571/- was spent on sales promotion.

12. The defendant has not placed on record any credible material at this stage to infer if the impugned design has been copied by the plaintiff from the British Standard BS 4449:2005 category B500C. The plaintiff has placed on record the advertisement undertaken by the defendant for its products which is identical to the plaintiff's design. In this advertisement, the defendant claims that the design underneath the magnifying glass was its 'innovation'. Apparently, the defendant cannot plead at this juncture that the impugned design of which the plaintiff is the registered proprietor was in public domain prior to 2013.

13. The plaintiff has produced on record a report from Standard Testing Laboratory (page 245, part III); it records that the sample described TMT 10 mm "FRIENDS" did not conform to IS : 1786-08 for GR-Fe-500 with test No. 3, 4 & 5. Report dated 29.08.2017 (page 246, part III) given by Mr.

Rajesh Kant Chand Mishra, Assistant Professor observed : "on the basis of various comparisons as studied and discussed in above paragraphs on support of aforesaid figures and facts of this report, it has been concluded herein that the design in FRIENDS' TMT Bars is the copy of the design in KAMDHENU's TMT Bars."

14. *The plaintiff has also placed on record the document showing that one Narendra, who is alleged to have shifted his employment with the defendant presently, was machine operator with it in April, 2014. The plaintiff has further claimed that earlier the defendant was its ex-licensee and was aware of the impugned design to be replicated in its TMT bars. Photocopy of the Licence User Agreement (page 233, part III) executed between the parties on 01.06.2008 has been placed on record.*
15. *The impugned design has been protected by the plaintiff earlier also by filing various suits and the Courts have given interim protection. This is so apparent from the orders (pages 206 to 219) passed in CS/TM No. 78/2014 'M/s. Kamdhenu Ispat Ltd. vs. Shri Sharma Steeltech (India) Pvt. Ltd. & Anr.' confirmed by this Court in CS(COMM) 348/2016 'M/s. Kamdhenu Ispat Ltd. vs. Sh. Sharma Steel Tech India Pvt. Ltd. & Anr.' and CS/TM No. 96/2016 'M/s. Kamdhenu Ltd. vs. M/s. Him Steel Private Limited' dated 14.12.2016."*

8. Mr. Rajshekar Rao, learned counsel for Aashiana, urges that the impugned order is in clear error in concluding that the *prima facie* strength of the plaintiff's case has been established. He emphasized that registration of a design merely endorses that the applicant's claim to novelty was established before the registering agency, i.e the

controller. That registration, however, at best was a rebuttable presumption of novelty. Urging this court to vacate the impugned order, Mr. Rao stated that Kamdhenu copied the design from the British Standard BS 4449:2005 (category B500C) freely available in the public domain. It was published in 2005. He also stated that the design is functional in nature and is not a registrable design under Section 19(1)(d) of the Act. Aashiana was in the process of filing a cancellation petition at the stage of the impugned order. He highlighted that it was only in the replication, that the plaintiff stated that the ribs were inclined 48° and 65° . This too, according to Mr. Rao, did not lead to any inference of novelty. As a part of the standards which indicated a range within which the ribs of such bars could be manufactured, the manufacture and sale of the range which the plaintiff had chosen to produce could not *ipso facto* lead one to conclude that Aashiana indulged in infringement.

9. It is argued that the impugned design registration is invalid because of numerous prior publications placed on record for more than 30 years prior to the date of Kamdhenu's registration. It is stated that the impugned design is an Industry Standard for reinforcement bars since 1984, prescribed by various countries/organizations around the world such as Germany, Poland, ISO, etc. and is thus in the public domain. Counsel stated that the surface pattern on the impugned design is functional as it is imprinted for identification of a specific Steel Grade by all TMT bars manufacturers and is part of an industry practice. Terming Kamdhenu's claim to be the originator/creator of

the impugned design as false, it was submitted that the plaintiff replicated the British Standard BS 4449:2005 category B500C design and several other Industry Standards. He also submitted that the impugned design registration does not claim any angle of the transverse ribs and thus irrespective of which angles are used by Aashiana the impugned design is invalid by reason of prior publication. Counsel highlighted that the plaintiff concealed from the court the fact that impugned design has been in the public domain since as early as 1984 and therefore it cannot claim monopoly over it. Mr. Rao elaborated that the impugned design/surface pattern is also functional inasmuch as the surface pattern enables the TMT bar to grip the concrete used for reinforcing concrete structures and thus, not registrable as a Design under Section 2(d) of the Designs Act, 2000.

10. In fact, the sole purpose of this Act is protection of the intellectual property right of the original design for a period of ten years or whatever further period extendable. The object behind this enactment is to benefit the person for his research and labour put in by him to evolve the new and original design. This is the sole aim of enacting this Act. It has also laid down that if design is not new or original or published previously then such design should not be registered. It further lays down that if it has been disclosed to the public anywhere in India or in any other country by publication in tangible form or by use or in any other way prior to the filing date, or where applicable, the priority date of the application for registration then such design will not be registered or if it is found that it is not

significantly distinguishable from known designs or combination of known designs, then such designs shall not be registered. It also provides that registration can be cancelled under Section 19 of the Act if proper application is filed before the competent authority i.e. the Controller that the design has been previously registered in India or published in India or in any other country prior to the date of registration, or that the design is not a new or original design or that the design is not registerable under this Act or that it is not a design as defined in Section 2 (d) of the Act. Counsel relied on *Bharat Glass Tube Limited vs. Gopal Glass Works Ltd.* 2008 (10) SCC 657; *Reckitt Benckiser India Ltd. v. Wyeth Ltd.* AIR 2013 Delhi 101 (FB); and *Dart Industries Inc. And Another v. Techno Plast & Ors* 2007 (35) PTC 129 (Del).

11. Mr. Akhil Sibal, learned senior counsel for Kamdhenu, urged this court not to interfere with a reasoned, discretionary order injuncting *pendente lite*, the appellant Aashiana from using the design used by it for the iron bars, sold in the market by it, for which the plaintiff (Kamdhenu) is the registered owner. Counsel relied on *Wander limited v. Antox India (Pvt.) Limited* 1990 (Supp) SCC 727 and urged that this court should desist from setting aside a reasoned interim order in a pending suit.

12. On the other aspects, urged on behalf of Kamdhenu, Mr. Sibal submitted that Kamdhenu's registered design is new, novel and original. After applying for registration of the said design, it took steps for its effective use and publication. Kamdhenu is using the registered

design on its KAMDHENU SS 10000 TMT which is best quality steel bar. After getting the Test Certificates from IIT Roorkee and Guru Nanak Dev Engineering College, Punjab, Kamdhenu actively launched KAMDHENU SS 10000 TMT bar bearing the said Design in the market on June 18, 2013. It was emphasized that representation of KAMDHENU SS 10000 TMT bar bearing the said design is distinctive and the defendant/Aashiana's use of an identical magnifying glass to highlight sections of the bar, betrays its intent to copy Kamdhenu's product and represent it as its own.

13. Mr. Sibal, learned senior advocate argued that the KAMDHENU design is not identical to any design available in the public domain; he has asserted that in fact it is new and original. It was submitted that the Aashiana's allegations with respect to fraudulent and dishonest adoption, of the design is baseless. Elaborating, it is urged that the plaintiff's subject design is quite distinct from the designs and standards that Aashiana relies upon. Emphasizing that essentially what Aashiana did was to merely imitate the two sets of ribs at the identical incline i.e. 48° – which is not mentioned specifically in any standard, it in effect indulged in infringement. Learned senior counsel also highlighted that the exact reflection of the distinctive magnifying glass design and the striking similarity between the two products in their visual representation leads one to conclude that Aashiana blatantly imitated the plaintiff/KAMDHENU products and the resultant confusion would inevitably be at the economic expenses of KAMDHENU. Learned

counsel also submitted that since Aashiana traded only in Gujarat and has not substantiated its submission with respect to the existence of any market, the balance of convenience was with the plaintiff and was correctly held as such by the learned Single Judge.

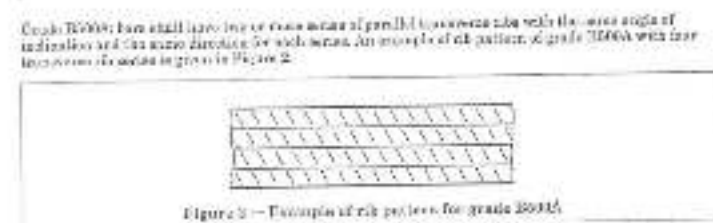
14. It is argued further that Aashiana's submission that the plaintiff's design could not be registered because it related to functionality, is unacceptable. Learned counsel relied upon *Mohan Lal, Proprietor of Mourya Industries vs. Sona Paint & Hardwares*, 2013 (55) PTC 61 (Del) (FB) and *Whirlpool of India Ltd. vs. Videocon Industries Ltd.*, 2014 (60) PTC 155 (Bom). It was emphasized that in order for the defence of functionality to succeed, the design applied for has to be the only mode or option available given the functional requirement and inherent limitation of the article or the product. It was submitted that the courts have recognized that there may be cases where the design *while fulfilling the novelty standard is also functional. In such cases, the complexity is resolved by noting that the function can be performed by another shape as well, without in any manner defeating the novelty claimed.*

Analysis and Conclusions

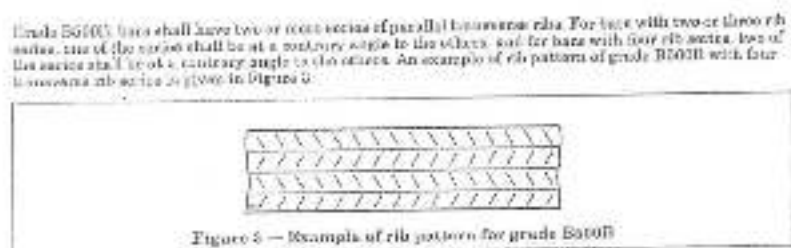
15. The above discussion would reveal that the appellant/ Aashiana essentially urges that the product i.e., Steel Rods (used in the construction industry) over which Kamdhenu predominantly claimed and was granted design registration on 29.08.2014 is neither unique nor novel and that rather it is a mere reproduction of a standard design

that has been in the public domain since 1984. It is also brought to notice that the question of imitation of the technical and the so called reproduction of the inclines of transverse ribs (i.e. rib pattern) was never highlighted. Aashiana also complains that Kamdhenu suppressed the relevant facts relating to the applicable standards.

16. Aashiana, the defendant has relied upon several documents, which were part of the record before the learned Single Judge, which suggests the angular arrangement of ribs within the particular range. These standards were revised in 2005 (evident from British Standards BS 4449:2005). Aashiana relies upon Figure 4 i.e. an example of rib pattern of Grade B-50 C. The relevant extract of the concerned rib patterns (including figures 2, 3 and 4) are as follows:

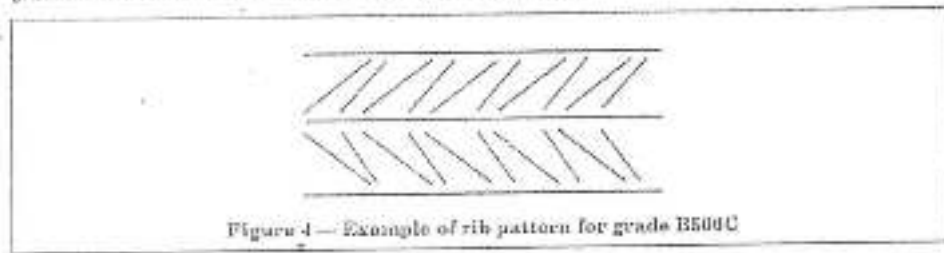


B500B consists of two or more series of parallel transverse ribs and each series is at a contrary angle to the others. The BIS reproduced them as illustrations in the following terms:



B500C consists of transverse ribs in the pattern of series as defined in B500B but the transverse ribs are arranged in an angle to each other as illustrated below:

Grade B500C bars shall have the same arrangement of rib series as for B500B. However, in each rib series, the ribs shall alternate between a higher and lower angle with respect to the bar axis. The difference between the angles of the different ribs and the bar axis shall be at least 10°. An example of rib pattern of grade B500C with two transverse rib series is given in Figure 4.



17. Aashiana has produced similar standards (International standards – ISO 6935-2:2007 (E) which deals with similar ribbed bars/rods. Likewise, Turkish and Polish standards have been relied upon. Aashiana's arguments in this regard are that these standards have been in existence and pre-date the claim of novelty put forward by Kamdhenu. In this regard, it relies upon certain decisions, notably; *Bharat Glass Limited Tube Limited vs. Gopal Glass Works Ltd.*, AIR 2008 SC 2520, which emphasized that if a design is not new or original or has been previously published, then it should not be registered. The judgment of this court in *Niky Tasha India (P) Ltd vs. Faridabad Gadget Pvt. Ltd.*, AIR 1985 Del 136 has ruled that registration of a design is only "a prima facie evidence" of proprietorship and novelty. Likewise, as to what constitutes novelty – in the context of previous publication or previously used articles-was dealt with in *B. Chawla and sons vs. Bright Auto Industries*, AIR 1981

Del 95. The court held that little variation in products which existed such as adding a curve here or there in the shape of a well recognized shape of an article of common use in the market does not make it a new or original design.

18. Paras 3-97, 3-98 and 3-99 of *Russell-Clarke and Howe on Industrial Designs* (Seventh Edition Sweet & Maxwell) which dealt with what constitutes prior publication reads as follows:

“3-97 What counts as “published” for the purpose of calling into question the novelty of a later design registration? This is broader than the word at first suggests. It by no means limited to the publishing of a design in a printed publication, although it includes that. In practical terms, there are two main ways in which a design can be published: by prior use of the design, by selling or displaying to the public articles to which the design has been applied; and by paper publications of one sort or another. It is not, in fact, necessary that publication should be on paper; an oral disclosure, provided it is non-confidential, will amount to publication.

3-98 In general, the law as to what constitutes a prior publication for registered design purposes is that same as the law of prior publication under the pre-1977 patent authorities on the subject have consistently been treated as applicable to registered design cases.

3-99 In order to be relied upon for the purpose of attacking the novelty of a pre-2001 design registration, the publication concerned must be within the United Kingdom. This limitation has important practical consequences.”

19. In the present case, the suit nowhere discloses – nor does the plaintiff/ Kamdhenu appear to have stated in its pleadings or in the documents filed before the court that the rods/ bars for which the registration was sought conformed to any particular standard at all. It is a matter of record that Aashiana averred to that the standard universally accepted and applied routinely by all manufacturers of the product had existed for almost three decades. It relied upon the last British Standards published in 2005, especially B500C. B500 C refers to B500 B (Figure 3). B500B while advertizing to B500A states that the bars would have two or more parallel transverse ribs. It thus, states that for bars with two or three rib series *“one of the series shall be contrary angle to the other and for bars with 4 ribs series, two of the series shall be at contrary angle”*. The B500C standard states that the bars for this particular standard would have the same arrangement of rib series as for B500B and then provides that *“Further in each rib series, the ribs shall alternate between a higher and lower angle with respect to the bar excess. The difference between the angles of the different ribs and the bar excess shall be at least 10⁰”*.

20. During the submissions, it was pointed out by Aashiana that the bars necessarily had to be diagonal by at least 45⁰ or more else that would end up as parallel rib patterns and not serve the purpose intended. If that is taken into account, the standard indicates a limited range of possibilities for the ribbing of the bars. For instance, if a ribbing at one surface is at 50⁰, the other would have to be at least at 60⁰. In this range, thus, there are limited options available to the

manufacturer. Furthermore, these ribs would necessarily have to reflect a familiar pattern that the customers would choose, having regard to the peculiarity of the product. In these circumstances, the arguments that its adoption of 48⁰ and 65⁰ for the two transverse ribbing patterns, were unique and cannot be accepted. They merely reflected common standards – available in the public domain and applicable to the concerned product i.e. bars. As regards the contention that even though the products conformed to a known standard, they satisfied the test of novelty and uniqueness, is concerned, *prima facie*, this court is unpersuaded by the plaintiff's contention. The design (i.e. set of transverse ribs) is a part of known standards that are applicable and accepted by the industry and the manufacturers are familiar with this. Moreover, the range of possibilities, i.e the limits of angularity of the ribs (given they are to be transverse and at least 10⁰ apart) restrict the choices to an even greater extent. In these circumstances, this court holds that *despite* functionality, no distinct feature that can claim novelty was revealed, deserving design registration. This observation is *prima facie* and meant for the purpose of this judgment; all rights of parties to deal with it in the suit, are kept open.

21. The learned Single Judge, with respect to this, completely overlooked these salient aspects. In other words, a commonly applicable standard available in the public domain, used by the plaintiff – Kamdhenu to claim monopoly registration right, could not have been suppressed from the court or from the Controller. The

registration of the design thus was suspect. This court does not wish to say anything further given that proceedings for cancellation of the registration are said to have been taken out.

22. As far as the visual representation of the product (use of magnifying glass device) is concerned, this court notices that Kamdhenu's suit is predicated on design infringement. It does not urge passing off nor claims any relief in that regard. Likewise, the fact that Aashiana or someone connected with it was an ex-licensee of the plaintiff, cannot in any manner be a material factor to grant injunction since issues in respect of confidentiality do not appear to have been pleaded. Likewise, the allegation that a particular manufacturer who performed job work for Kamdhenu did so for Aashiana, is also of no relevance.

23. The only issue that the learned Single Judge dwelt upon and pronounced to be the basis of the plaintiff's prima facie strength, on the merits of the case, was that of infringement based upon registration. Given that the relevant and material circumstances with respect to prior publication were not taken into account and analysed in the proper perspective, this court is of the opinion that the observations with respect to the existence of prima facie case cannot be upheld. They are hereby set aside.

24. In view of the above findings, the I.A. No. 12872/2017 in CS (OS) No.360/2017 is dismissed and the impugned order thereby

granting injunction to the plaintiff/Kamdhenu is hereby set aside. The appeal is allowed in the above terms.

S. RAVINDRA BHAT, J

A. K. CHAWLA, J

AUGUST 23, 2018

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