

**IN THE HIGH COURT OF JUDICATURE AT BOMBAY
CIVIL APPELLATE JURISDICTION**

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Date: 2020.12.21
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WRIT PETITION NO. 1217 OF 2020

Essdee Industries

...Petitioner

vs.

Esbee Electrotech LLP

...Respondent

Mr.Nikhil Wadikar i/b. Nandu Pawar for Petitioner.

Mr.Hiren Kamod with Aditya Chitale, Nishin Shrikhande and Avinash Belge
i/b. RKD Legal Services LLP for Respondent.

CORAM : S.C. GUPTE, J.

DATE : 14 DECEMBER 2020

Oral Judgement :

This writ petition challenges an order passed by the District Court at Pune on an application of the Respondent/plaintiff for withdrawal of its suit filed in respect of infringement of design as well as infringement of registered trademark and passing-off of goods with liberty to institute two separate suits, one for the alleged trademark infringement and passing off of goods, and the other for the alleged design infringement.

2 The plaintiff's suit was a composite suit (i) for infringement of its registered trademark as well as passing-off of goods by the Petitioner/defendant as those of the plaintiff and (ii) for infringement of its registered design. The cause of action in respect of infringement of its trademark and passing-off of goods was clearly a separate cause of action from that of the defendant's infringement of its registered design. These two separate and distinct causes of action were combined by the plaintiff. The defendant, in its written statement, took up a defence under Section 19 of the Designs

Act, challenging the very registrability of the plaintiff's design *inter alia* on account of want of novelty. After this defence was raised, the plaintiff applied for withdrawal of the suit with liberty to split up the causes of action in the suit and file separate suits in respect of infringement of trademark and infringement of design.

3 The main opposition of the defendant to the impugned order permitting the plaintiff to withdraw its composite suit with liberty to file two separate suits, is that the trial court had lost seisin of the matter once a defence was raised under Section 19 of the Designs Act. It is submitted that upon such defence being raised, what the trial court has to do is simply transfer the suit to the jurisdictional High Court by virtue of sub-section (4) of Section 22 of the Designs Act. Learned counsel for the Petitioner/defendant relies on a judgment of Allahabad High Court in the case of **R.N. Gupta & Co. Ltd. Jasola New Delhi vs. M/s. Action Construction Equipments Ltd. Dudhola**¹ in support of his case that the legislative intent behind Sub-section (4) of Section 22 implies that moment a defence referred to therein is raised, the jurisdiction for deciding the suit vests with the jurisdictional High Court. Learned Counsel for the Petitioner also relies on the case of **Carlsberg Breweries A/S vs. Som Distilleries and Breweries Ltd.**² decided by a Full Bench of Delhi High Court in support of his submission that it is not permissible to split up the cause of action as proposed by the Respondent herein.

4 Sub-section (4) of Section 22 of the Designs Act, 2000 is in the following terms :

1 2016(6)ADJ102

2 AIR 2019 DELHI 23

“22. Piracy of registered design.—

(4) Notwithstanding anything contained in the second proviso to sub-section (2), where any ground on which the registration of a design may be cancelled under section 19 has been availed of as a ground of defence and sub-section (3) in any suit or other proceeding for relief under sub-section (2), the suit or such other proceeding shall be transferred by the court, in which the suit or such other proceeding is pending, to the High Court for decision."

5 What this sub-section implies is that when a ground for cancellation of registration of the design under Section 19 has been availed of in defence to a suit complaining of piracy of a registered design, the suit has to be transferred to the High Court for decision. (Such transferred suit, in the case of a High Court having ordinary original civil jurisdiction, is required then to be heard and disposed of by Commercial Division of that court under Section 7 of Commercial Courts Act, 2015.) The sub-section does not imply that immediately upon a ground, on which registration of the suit design may be cancelled under Section 19, being availed of as a ground of defence, the court hearing the infringement suit ceases to have jurisdiction in the suit. What it implies is that the court, before which the suit concerning piracy of the design has been brought, must not proceed to entertain the suit any further or decide it; it must transfer it to the High Court, once any defence under Section 19 is raised.

6 In the present case, the suit initially brought before the District Court was a composite suit having two distinct causes of action, one for infringement of a registered trademark and passing-off of goods by the use of the same or a deceptively similar mark and the other for infringement of a registered design used for manufacture of the product, which bears the

impugned mark. Had the plaintiff insisted on retaining the suit as a composite suit involving both causes of action, there is indeed nothing for the District Court to do except to transfer the suit to this court under Sub-section (4) of Section 22. What the plaintiff instead applied was for withdrawal of the suit. This is evidently having regard to the defence raised in the suit by the Petitioner herein, namely, a ground under Section 19 which called for cancellation of the plaintiff's registered design. What the plaintiff proposed was to file two separate suits for these two separate causes of action and with a view to enable it to do so, it sought withdrawal of the composite suit. The District Court surely retained its seisin of the suit to the extent of such application for withdrawal. In other words, what the plaintiff proposed was not to go ahead with the hearing of the suit in any way but to withdraw it having regard to the defence raised by the defendant. It is preposterous to suggest that even such withdrawal cannot be permitted by the District Court and for such withdrawal, the plaintiff would have to be driven to taking his suit before the jurisdictional High Court and seek withdrawal from it and then file two separate suits involving two separate causes of action.

7 The decision of Allahabad High Court in **R.N. Gupta's** case was in altogether different circumstances. There, despite the defendant having raised a counter-claim for revocation of the plaintiff's patent, on which the latter's suit was resting, in the face of the proviso to Section 104 of the Patents Act (which is in *pari materia* with Section 22(4) of the Designs Act), the trial court proceeded to hear the temporary injunction application of the plaintiff. It was under this circumstance and in this context that the High Court of Uttarakhand in **M/s. Lambda Eastern Telecommunication vs.**

M/s. Acme Tele-Power Private Ltd.³ made its observation, which was referred to by the Allahabad High Court in **R.N. Gupta's** case. The observation is to the effect that once such counter claim is presented, the suit along with the counter claim cannot be heard any further by the trial court; it, along with the counter claim, has to be transferred to the High Court for hearing and decision. Despite having no authority to hear the suit and the counter claim, the trial court in that case proceeded to hear the temporary interim application of the plaintiff and that was not countenanced to by the High Court of Uttarakhand. The observations in **M/s. Lambda Eastern Telecommunication** (supra) have no application to the facts of the present case. In the present case, as we have noted above, upon the ground of Section 19 being raised by the defendant as a ground of defence, the plaintiff applied for withdrawal of the suit and not for prosecuting the suit any further.

8 The case of **Carlsberg Breweries A/S** (supra) decided by Delhi High Court also has no application to the facts of our case. That was a case, where the plaintiff had approached the court with a composite remedy of infringement and passing-off of goods by use of the offending design. What the court laid down in that case was that these two causes of action, namely, the cause of action of infringement of a registered design and the cause of passing-off of goods by use of the same or deceptively similar design do not have to be split; these causes of action arose out of the same subject matter and accordingly, under Order 2 Rule 3, the plaintiff offered to exercise his option to institute a composite suit. The court observed that the two causes of action, namely, the plaintiff's claim for design infringement and his claim in the passing-off action were not disparate or

3AIR 2008 UTTARAKHAND 38

dissimilar so that the court could not have tried them together in one suit. The court observed that once a transaction of sale is the same transaction, which would be in question in both causes of action, namely, infringement of a registered design and passing off of goods, and based on the same set of facts, common questions of law and fact arise in both causes of action, there was no basis for splitting up the two causes of action. Accordingly, the court answered the reference by holding that a composite suit joining these two causes of action was maintainable. That a composite suit for infringement of a registered design and passing-off of goods by use of the same or deceptively similar design is maintainable and the plaintiff is not expected to split up his suit into two separate suits is one thing, and the Petitioner's argument here that the plaintiff would have to somehow maintain its composite action continuing to combine the separate causes of action of infringement of a registered trademark and passing-off of goods, on the one hand, and infringement of a registered design used for manufacture of the product, which bears the impugned mark, on the other, is quite another. The case of **Carlsberg Breweries** (supra) cannot be cited to support the latter proposition.

9 The District Court has rightly allowed the plaintiff to withdraw its suit with liberty prayed for. The court has also considered the inconvenience caused to the defendant on account of disposal of the composite suit, with the prospect of having to face two separate suits, by ordering costs. Besides this brief inconvenience, which is ordered to be compensated, there is no prejudice suffered by the defendant by reason of the impugned order.

10 There is accordingly no merit in the writ petition. The petition is dismissed. No order as to costs.

(S.C. GUPTE, J.)