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The Calico Printers Association, Limited Vs Ahmed Abdul Karim Bros., Limited

O.C.J. Suit No. 778 of 1935

Court: Bombay High Court

Date of Decision: June 16, 1938

Acts Referred:
Patents and Designs Act, 1911 â€" Section 53(1)(a)

Citation: AIR 1939 Bom 198 : (1939) 41 BOMLR 290

Hon'ble Judges: Somjee, J

Bench: Single Bench

Judgement

Somjee, J.
The plaintiffs are the registered proprietors under the Indian Patents and Designs Act (II of 1911) inter alia of two designs for

printing textile goods. The plaintiffs filed this suit against the defendants who are importers of Japanese printed goods into Bombay for an injunction

restraining them from importing textile goods bearing an imitation of the plaintiffs" two designs, for delivery up of the goods bearing the designs or

any fraudulent imitation thereof and for damages.

2. In the plaint the plaintiffs alleged that the defendants had for the purpose of sale applied or caused to be applied to the goods the designs or a

fraudulent or obvious imitation thereof knowing that the designs or a fraudulent or obvious imitation thereof had been applied to the goods without

the license or consent of the plaintiffs.

3. The plaintiffs having alleged that the defendants knowingly and fraudulently infringed their rights to the designs, admitted at the hearing of the suit

before me, that they were unable to prove that the defendants had knowledge of the plaintiffs" rights in the designs when they imported the goods

into Bombay. The plaintiffs thus admit that the defendants are innocent infringers of their rights as the holders of the registered designs. In prayer (a)

of the plaint the plaintiffs claim a permanent injunction restraining the defendants, their servants and agents for the purpose of sale from applying or

causing to be applied1 to textiles the plaintiffs'' registered designs or any fraudulent or obvious imitation thereof without the license or written

consent of the plaintiffs. This relief claimed by the plaintiffs is not restricted to the period during which, their rights in the registered designs may be

subsisting under the Act nor is it restricted to British India.

4. The plaintiffs filed this suit on May 17, 1935, without giving any notice to the defendants that the plaintiffs'' rights in the registered designs were

being infringed On May 20, 1935, the plaintiffs obtained an ex parte order from this Court on a notice of motion restraining the defendants from

using the plaintiffs'' designs or any imitation thereof on textile goods pending the hearing and disposal of the suit and from selling goods bearing such

infringing designs. The notice of motion came on for argument on June 18, 1935, when the defendants by their counsel consented to the order for

interim injunction being confirmed.

5. On July 9/11, 1935, the defendants by their attorneys wrote to the plaintiffs'' attorneys stating that the plaintiffs had filed this suit against them but

until the suit was filed the defendants were not aware that the designs which appeared on the defendants'' goods were the plaintiffs'' registered

designs. The defendants proceeded'' to say that they admitted that the plaintiffs are the registered proprietors of the designs and then gave

particulars of the goods imported by them from Japan bearing the designs complained of by the plaintiffs. They stated that in the twenty-four cases

of piecegoods imported by them there were in all 486 and 294 pieces bearing one or other of the plaintiffs'' two designs. The defendants pointed

out that all the pieces of goods had been sold by the defendants before the date of the filing of the suit and that they had no goods in their

possession bearing any of the two designs. The defendants stated that they had made a profit of Rs. 199 by selling the pieces bearing the designs

complained of by the plaintiffs. After having stated these facts, the defendants proceeded to say that with a view to avoid needless expenses to all

parties they would be prepared to submit to a decree on the footing that there had been an infringement by them of the plaintiffs'' rights in the

designs and offered to submit to a decree (a) for an injunction in terms of Section 53 (1)(a) and (b) of the Indian Patents and Designs Act in

respect of the designs mentioned in the plaint, (b) to pay to the plaintiffs Rs. 199, the amount of the profits made by the defendants for the sale of

the goods, and (c) to pay to the plaintiffs their taxed costs of the suit up to date with the costs of the decree to be obtained in the terms suggested

by the defendants. The plaintiffs did not reply to the letter, and on July 11, 1935, the defendants again by their attorneys wrote to the plaintiffs''

attorneys requesting them to let them have a reply to their offer. On July 13, 1935, the plaintiffs by their attorneys replied stating that the plaintiffs

would not accept the terms of the settlement offered by the defendants and pointing out that the time for the defendants to file their written

statement had already expired and asking them to file their written statement on or before July 22, 1935. The plaintiffs did not write to the

defendants whether they were dissatisfied with the offer made by the defendants and whether they wanted or were entitled to anything more under

their plaint. This correspondence is exhibit No. 1.

6. On July 23, 1935, the defendants filed their written statement as required by the plaintiffs'' attorneys. In their written statement the defendants

admit that on taking inspection of the plaintiffs'' certificate of the registration of the designs they learnt that the plaintiffs were the registered

proprietors of the designs. The defendants then proceed in their written statement to state that the plaintiffs are the registered proprietors of a large

number of designs and that it was not possible for them to know which of the designs current in the market belonged to the plaintiffs. The

defendants say that they import and/or sell Japanese printed piecegoods in India on a very large scale and the total value of such goods amounts to

over Rs. 50,00,000 in the course of a year. This statement has not been challenged at the hearing. The defendants then proceed in their written

statement to state the facts with regard to the importation by them of the 486 and 294 pieces in twenty-four cases of piecegoods imported by them

in two different lots and say that on the sale of these goods they made a profit of Rs. 199. The defendants deny that they for the purpose of sale

applied or caused to be applied to the said goods the designs referred to in the plaint. Then they refer to the three letters mentioned above and say

that the plaintiffs rejected their offer and compelled them to file their written statement. In para. 8 of the written statement the defendants say that

irrespective of their rights and contentions the defendants by their written statement repeat the offer contained in the letters and bring the sum of Rs.

199 into Court. The plaintiffs took no notice of this offer to submit to a decree in terms of the letter dated July 9/11, 1935, contained in para. 8 of

the written statement.

7. At the hearing before me the learned Counsel for the plaintiffs admitted that the defendants had no part of the goods imported by them and

which bore the designs complained of in their possession, power or control. The learned Counsel for the plaintiffs called upon the learned Counsel

for the defendants to produce the samples of the goods which came with the shipments. The learned Counsel for the defendants produced eight

small pieces and two small strips of cloth bearing the designs and the plaintiffs learned Counsel tendered the same and they have been marked

exhibit A collectively. The learned Counsel for the plaintiffs now admits that apart from these small pieces the defendants have no other goods or

pieces of cloth bearing the infringing designs.

8. On the question of damages claimed by the plaintiffs under prayers (d) and (e) of the plaint the learned Counsel for the plaintiffs stated that the

plaintiffs have no evidence to lead to prove the damage sustained by the plaintiffs by reason of the infringement of their rights in their designs. The

learned Counsel for the plaintiffs submitted that the plaintiffs want the amount of the profits made by the defendants as a result of their piracy of the

plaintiffs" rights in the designs but the plaintiffs do not admit that the defendants made a profit of Rs. 199 only as a result of their piracy. The

plaintiffs want a reference to the Commissioner to ascertain the profits made by the defendants by the sale of the infringing goods.

9. Apart from asking for delivery up for destruction of the eight small pieces and the two small strips (exhibit A collectively) and a reference to the

Commissioner to, ascertain whether the defendants" profits by the sale of the goods were Rs. 199 or more, the plaintiffs do not seek, nor are they,

the plaintiffs" learned Counsel submitted, entitled to, any other relief in addition to those offered by the defendants by their letter of July 9/11,

1935, as also by para. 8 of their written statement.

10. Under these circumstances the only question that remains in this suit is who should pay the costs of the suit and what portion of it. The learned

Counsel for the defendants contends that the plaintiffs having received the offer of the defendants on July 11, 1935, were not entitled to and had no

business to continue the suit and should have taken a decree in the terms offered and put an end to the suit The plaintiffs did not even inform the

defendants why they would not accept the said offer and what more they wanted or could want. The learned counsel for the defendants submits

that a decree should be passed in favour of the plaintiffs in terms offered by the defendants in para. 8 of their written statement and that the

defendants should be ordered to pay the plaintiffs" costs up to the date of the offer contained in the letter of July 9/11, 1935, and also the costs of

this decree but that the plaintiffs should be ordered to pay to the defendants all costs incurred by the defendants from and after July 11, 1935,

except the costs of the making of the decree which the defendants should be ordered to pay to the plaintiffs.

11. Now, before dealing with the question of costs it is necessary to deal with the contention of the plaintiffs" learned Counsel with regard to the

two further reliefs which he says the plaintiffs are entitled to in addition to those offered in para. 8 of the written statement. The first is the delivery

up of the eight small pieces and the two small strips of cloth (exhibit A collectively) for destruction. The learned Counsel for the defendants has

stated while producing these pieces that the defendants had to preserve them for the purposes of this suit and these pieces have now been

exhibited at the hearing of this suit. Looking at the plaint as a whole, it is dear beyond any reasonable doubt that the plaintiffs had never thought of

asking for delivery up of these small pieces and in fact they have not asked for delivery up of these pieces under prayer (6) of the plaint. The

learned Counsel for the plaintiffs was compelled to carry his argument to the length that these small pieces were goods and were therefore included

in the reliefs sought under prayer (b) for asking for delivery up of all goods bearing thereon the said designs or any fraudulent or obvious imitation

thereof. The order for delivery up can be made by this Court as an equitable relief on the Court granting to the plaintiffs the reliefs specifically

provided for by Section 53 of the Indian Patents and Designs Act. But this order for delivery up must be made in the spirit of the provisions of

Section 53. In Section 53 it is laid down that the reliefs which should be granted to the proprietor of a registered design should be in respect of

goods for the purpose of sale. It cannot be suggested and it has not been seriously argued that these small pieces are goods for sale in the market

and that the plaintiffs are entitled to delivery up. Each of the pieces is about a foot and a half in length and the two small strips are not more than

two inches in width. There is no doubt in my mind that the plaintiffs did not reject the offer contained in the defendants'' attorneys'' letter of July

9/11, 1935, because they wanted these eight small pieces and the two small strips. I do hot think even now that the plaintiffs are entitled to! an

order for delivery up of these eight small pieces and the two small strips. These are exhibited at the hearing of this suit and I order that exhibit A

should not be returned to anybody.

12. The next question is with regard to the damages. It is conceded by the learned Counsel for the plaintiffs that an inquiry about the profits made

by the defendants by their1 piracy of the plaintiffs'' rights in the designs is only a method of ascertaining the damages to which the plaintiffs are

entitled. At no stage of the working up of this suit did the plaintiffs write to the defendants and state that they were not satisfied that the defendants

had made a profit of only Rs. 199 or that they had any reason to believe that the defendants had made larger profits than Rs. 199. At the trial also

the learned Counsel for the plaintiffs stated without hesitation that the plaintiffs had no materials at all td challenge the defendants'' statement that

their profits amounted only to Rs. 199 and that they wanted an inquiry simply to satisfy themselves that the statement made by the defendants was

correct. The only object of urging and insisting upon an order for directing an inquiry about the profits made by the defendants is to show that the

plaintiffs are entitled to a relief under the plaint in addition to the reliefs offered, to them by the defendants by their letter of July 9/11, 1935. The

plaintiffs have continued the suit unnecessarily and wrongfully after the defendants filed their written statement and the plaintiffs now asking for an

inquiry about the defendants'' profits by the sale of the pieces of goods would, there is no doubt, amount to a similar further continuance of this suit

even after today. The plaintiffs admittedly are unable to prove any damage sustained by them by reason of this infringement of their rights in the

designs by the defendants. Under the circumstances I hold that the plaintiffs are not entitled to ask for an order of reference to the Commissioner to

ascertain the profits made by the defendants by the sale of the goads imported by them bearing the plaintiffs'' designs.

13. As a result of these findings the only reliefs which the plaintiffs are entitled to are those which the defendants offered to them on July 9/11,

1935. The plaintiffs could have obtained a decree in terms of that offer even before the defendants filed their written statement. In their written

statement the defendants repeated the offer admitting the infringement and pleading their innocence in committing the infringement of the plaintiffs''

rights. The plaintiffs have wrongfully continued to prosecute this suit with the object that the defendants may be put to costs and hoping that the

defendants would be ordered to pay all the costs of the suit when they finally obtain a decree which was offered to them on July 9/11, 1935.

14. In support of his contention the learned Counsel for the defendants has cited three authorities. The first is Winkle and Co. Ld. v. Gent and Son

(1914) 31 R.P.C. 473. In that case the defendants were charged with infringement of the plaintiffs'' design in respect of a toilet ewer manufactured

by the plaintiffs. The defendants admitted having purchased eighty-three of the infringing articles and re-sold forty-seven. The defendants offered to

undertake not to infringe the plaintiffs'' design and brought into Court (with a denial of liability) Ã¯Â¿Â½5 as sufficient to satisfy the plaintiffs'' claim for

damages or profits. The defendants also offered to pay to the plaintiffs Ã¯Â¿Â½5-5-0 as their costs of the action. The plaintiffs refused to accept the

offer and obtained a judgment for an injunction and costs of the suit. On appeal the Court of Appeal reversed the judgment of the trial Judge and

stated that as regards the subject-matter of the action the plaintiffs were in the position in March, 1913, to obtain all the reliefs to which they were

entitled but insisted upon continuing the action and in the result obtained a judgment for only Ã¯Â¿Â½3-12-0 for damages and therefore as from the

date of the defendants'' offer there was not reason why the defendants should not have their costs of the action. The final order made by the Court

of Appeal was that on the defendants for themselves, their servants and agents undertaking not to sell goods bearing the plaintiffs design the

defendants were ordered to pay to the plaintiffs Ã¯Â¿Â½3-12-0 for damages and taxed costs of the plaintiffs'' action down to the delivery of the

defence and payment into Court by the defendants of the sum of Ã¯Â¿Â½5. The Court further ordered that the defendants should also pay to the

plaintiffs their costs of an application to the Court for a judgment embodying the undertaking. But the Court ordered the plaintiffs to pay to the

defendants all taxed costs '' of the defendants of the action subsequent to the delivery of the defence and the payment into Court. The principles

laid down in that decision of the Court of Appeal have been followed by the Calcutta High Court in Calico Printers Association Limited v. D. N.

Mukherji ILR (1936) Cal. 1146.

15. The next case referred to by the learned Counsel for the defendants is Slazenger & Sons v. Spalding & Brothers [1910] 1 Ch. 257. In that

decision it was laid down that when a registered trade mark is innocently infringed, the proprietor of the trade mark is entitled to an injunction

against the offender, but not to an account of profits or an inquiry as to damages unless the offender continues to infringe after notice of the

proprietor''s rights. In that suit the plaintiffs sued the defendants for an injunction restraining them from infringing their trade marks and for the usual

consequential relief. Three days after the action was commenced the defendants, who had no knowledge of the plaintiffs'' trade marks and were

innocent infringers, offered to submit to a perpetual injunction in the terms of the notice of motion, and took steps to remove the black cross from

all golf balls in stock and to obliterate the reference to black cross; balls in their catalogues as those were the things that the plaintiffs complained

against. Dealing with the facts of that case, the learned Judge stated that when the plaintiffs made a complaint of the infringement of the trade mark

the defendants immediately met the plaintiffs in a satisfactory manner. He stated that the plaintiffs were wrong in proceeding with their action after

the! offer made to them by the defendants of an injunction with costs up to that date and Ã¯Â¿Â½10 as nominal damages. The learned Judge ordered

the plaintiffs to pay the costs of the action after the date of the defendants'' offer.

16. This principle is stated in Kerly on Trade Mark, 6th edn., p. 523.

17. The learned Counsel for the plaintiffs contended that the provisions of Order XXIV of the CPC do not apply to a case of an infringement of a

patent or a design. There is no doubt that the provisions of Order XXIV do not apply to this case. But I see no reason why the principles laid

down in Order XXIV should not be applied to this case. In fact those principles have been applied by the English Courts as well as by the High

Court of Calcutta to cases of this nature.

18. I, therefore, pass a decree in favour of the plaintiffs against the defendants in terms of prayer (a) of the plaint but restricted to the subsistence of

the plaintiffs'' rights as registered proprietors of the designs mentioned in the prayer and also restricted to British India.

19. I also pass a decree against the defendants for Rs. 199 as damages being the amount of the admitted profits made by the defendants by their

piracy of the plaintiffs'' rights.

20. I order that the defendants do pay to the plaintiffs taxed costs of this action up to the date of the defendants'' filing their written statement, viz.

July 23, 1935, and of the plaintiffs'' application to this Court for a decree in the terms of the offer of the defendants contained in para. 8 of their

written statement and of the decree.

21. I order the plaintiffs to pay the taxed costs of the defendants of this action from and after July 23, 1935.