

SUPREME COURT OF INDIA

Godrej Sara Lee Limited

Vs.

Reckitt Benckiser Australia Pty.Ld.

C.A.Nos.996-997/2010

(Altamas Kabir and Cyriac Joseph JJ.)

29.01.2010

JUDGEMENT

Altamas Kabir, J.

1. Leave granted.

2. Two First Appeals were filed in the Delhi High Court, being FAO No.131 and 132 of 2008, against two orders, both dated 28th March, 2008, passed by the Controller of Patents and Designs, Kolkata, 2 under Section 19(1) of the Designs Act, 2000, cancelling two registered designs for "Insecticide Coil" in Class 12 belonging to the Respondent No.1 herein. The question for determination before the High Court in the two appeals was whether the Delhi High Court had jurisdiction to entertain the same against the order passed by the Controller of Patents and Designs, Kolkata. Inasmuch as, in the said two appeals, it was held by the Delhi High Court that it had jurisdiction to entertain the appeals, these two appeals have been preferred by M/s. Godrej Sara Lee Ltd. against the said decision.

3. On 27th January, 2005, the Respondent No.1 herein, M/s. Reckitt Benckiser Australia Pty. Ltd., filed a suit, being C.S.(O.S.)No.121 of 2005, against the appellant, in the Delhi High Court alleging infringement of its Registered Designs bearing Nos.184136 and 184137. The said suit is 3 yet to be decided. On 4th February, 2005, the appellant herein filed his written statement in the suit, inter alia, contending that the aforesaid Designs of the Respondent No.1 were liable to be cancelled under Section 22(3) of the Designs Act, 2000, on the ground that registration of the same had been obtained by concealment of facts and infringement of the Designs Registration Nos. 197811 and 197426, before the Controller of Designs at Kolkata. Similarly, the appellant herein also filed a Designs Cancellation Petition for cancellation of the Registered Design Nos.184135, 184136 and 184137 standing in the name of the Respondent No.1 on the same ground as alleged by the respondent in its petition for cancellation of the appellant's Designs. After certain interlocutory proceedings relating to the prayer made for transfer of the cancellation proceedings from the Controller of Designs to

the Delhi High Court, the Controller of Designs heard the parties 4 on 5th March, 2008 and reserved his order.

“Meanwhile, the respondents filed FAO (OS) No.101/08 against the orders dated 13.2.2008 and 5.3.2008 passed by the Controller of Designs, Kolkata and the same was converted into a Petition under Article 227 of the Constitution. Initially the learned Single Judge was doubtful about the maintainability of the appeals. Thereafter, on 28th March, 2008, by three separate orders the Controller of Designs, Kolkata, cancelled the Registered Design Nos.184135, 184136 and 184137 belonging to Respondent No.1. As indicated hereinabove, three First Appeals were preferred before the Delhi High Court, where a question arose with regard to the High Court's jurisdiction to entertain the appeals and by the orders impugned in these appeals the Delhi High Court held that the appeals were maintainable and it had jurisdiction to entertain the same.”

4. Appearing in support of the appeals, Mr. Dushyant Dave, learned Senior Advocate, questioned the decision of the Delhi High Court based on the interpretation of Section 19(2) read with Section 2(e) of the Designs Act, 2000. He submitted that the expression "High Court" as used in Section 19(2) and Section 2(e), would have to be read in relation to the cause of action and not otherwise.

“In the instant case, since the cause of action for the appeal has arisen on account of the cancellation of Designs by the Controller of Designs at Kolkata, it is only the Calcutta High Court, which would have jurisdiction to entertain the appeals under Section 19. Any other interpretation would be contrary to the principles relating to the filing of suits where the cause of action arises as contemplated under Section 20 of the Code of Civil Procedure.”

5. Mr. Dave urged that the High Court appears to have gone wrong in making a comparison between the provisions relating to cancellation of designs under Section 51A of the Designs Act, 1911 and Section 19 of the Designs Act, 2000. Mr. Dave urged that while Section 51A of the 1911 Act allowed a person to move for cancellation directly before the High Court in its original jurisdiction, under Section 19 of the 2000 Act an application for cancellation could only be made to the Controller of Designs, Kolkata. Mr. Dave urged that the conclusions arrived at by the High Court on an analysis of the two provisions were erroneous as was the reliance placed by the High Court on the decision in the case of *Girdharilal Gupta vs. M/s. K. Gian Chand Jain & Co.*¹

6. Mr. Dave submitted that the decision in the said case was clearly distinguishable on facts, as also the finding that the cancellation of a design 7 under Section 51A of the 1911 Act could be filed either in the High Court having jurisdiction over the place at which the design is registered or in the High Court, the local jurisdiction of which has a nexus with the subject matter of the cause of action of the application. Mr. Dave urged that in the said case, the High Court made it clear that an application for cancellation cannot be made in any High

Court merely because the applicant chose to do so. In fact, the applicant would have to establish the jurisdiction of the High Court to which the application is made by establishing a live link between the territory in which the cause of action and the subject matter of the application. Mr. Dave submitted that the sum total of the decision in Girdharilal Gupta's case is that in the normal course both the Calcutta High Court and the High Court within whose territorial jurisdiction the cause of action arises, would have jurisdiction to entertain an appeal under Section 8 19 of the Designs Act, 2000, but in some cases such jurisdiction would also extend to any other High Court within the local limits of which a part of the cause of action and/or subject matter of the application may arise or be situated. Mr. Dave urged that the latter part of the findings was not in consonance with Section 19(2) of the 2000 Act.

7. Mr. Dave submitted that a different view had been expressed by a learned Single Judge of the Delhi High Court in *M/s. Scooters India Ltd. vs. M/s. Jaya Hind Industries Ltd. & Anr.*² wherein it was held that rejection of an application for grant of patent under the provisions of the Patents Act, 1970, and the Patents Rules, 1972, by the Deputy Controller of Patents and Designs, Bombay, gave rise to a cause of action whereby appeal against such order of refusal could be filed only in the Bombay High Court and not in any other High Court.

8. Reference was then made by Mr. Dave to the decision of this Court in *Ambika Industries vs. Commissioner of Central Excise*³ wherein the question as to which High Court would have the jurisdiction to entertain an appeal from an order of the Appellate Tribunal exercising jurisdiction over several States, was in question and this Court held that it had to be determined on the basis of the statutory provisions and nothing else such as *dominus litus* or the *situs* of the Appellate Tribunal or the cause of action.

“Accordingly, where the first forum was located in the State other than the State where the Appellate Tribunal was located, the appropriate High Court to entertain the appeal was the High Court situated in the former State and not the High Court situated in the latter State.”

9. Mr. Dave also referred to the decision of this Court in *Canon Steels (P) Ltd. vs. Commissioner of Customs*⁴ where the original order had been passed under the Customs Act at Mumbai whereas the appellate order was passed by the Customs Excise and Service Tax Appellate Tribunal (CESTAT) at Delhi. Appeal under Section 130 of the Customs Act, 1962, filed in the High Court at Delhi was withdrawn with liberty to file the appeal in the appropriate place. An appeal was subsequently filed in the Punjab and Haryana High Court at Chandigarh on the ground that a part of the cause of action had arisen at Chandigarh. The Punjab and Haryana High Court, however, held that it had no jurisdiction to entertain the appeal.

“Affirming the said view, this Court held that since neither the original nor the appellate orders were passed within the territorial jurisdiction of the Punjab and Haryana High Court, it was the Delhi High Court which had jurisdiction to entertain the appeal.”

10. Mr. Dave submitted that similarly since the order impugned in the appeal had been passed in Kolkata, it was the Calcutta High Court and not the Delhi High Court which had jurisdiction to entertain the statutory appeal under Section 19 of the Designs Act, 2000.

11. Several other decisions were also cited by Mr. Dave on similar lines which need not detain us at present.

12. Mr. Dave submitted that the Delhi High Court was apparently persuaded to make a comparison between the provisions of Section 51A of the Designs Act, 1911 and Section 19(2) of the Designs Act, 2000, which led to erroneous reliance being placed on the decision of the Delhi High Court in Girdharilal Gupta's case (supra) the facts whereof were completely different and distinguishable from the facts of this case. Mr. Dave submitted that 12 having regard to the above, the impugned judgment of the High Court was liable to be set aside.

13. Mr. Chander Lall, learned advocate, appearing for the Respondent No.1, referred to Sections 19 and 22(2) (b) read with Section 22(3) of the Designs Act, 2000, and contended that the said provisions contemplated cancellation of a Design by the Controller of Designs, and punishment for piracy of a Design in any suit in any Court not below that of a District Judge. Mr. Lall submitted that when such a suit was pending before the High Court and a defence as provided for under Section 19 of the Act was taken, the matter had to be decided by the High Court and the Controller ought not to be left to decide the said issue, as an appeal from the Controller's order would also lie to the High Court under Section 19 which could result in conflict of decisions. In this regard reference was made to the Full Bench decision of 13 the Delhi High Court in M/s Metro Plastic Industries (Regd.) vs. M/s Galaxy Footwear, New Delhi (AIR 2000 Delhi 117), in which the question for decision was whether an injunction could be granted in favour of a registered owner of a design when an application under Section 51-A of the Designs Act, 1911, was pending. After examining the provisions of Section 51 A, the Full Bench on a reference to Sections 53 and 54 relating to piracy of registered designs and the incorporation of the provisions of the Patents Act, 1970, into the Designs Act, held that the powers conferred under Section 53 were not absolute and did not contemplate an absolute right in the owner to prevent all other persons from infringing that design under all circumstances. It was held further that Section 53 creates a right in a registered owner and in the absence of an application for cancellation such a right can be enforced and no defence can be taken based on a ground of 14 cancellation. But once an application for cancellation is filed, the Court trying a suit under Section 53 would not be entitled to ignore the same.

14. Mr. Lall then submitted that there were innumerable instances of appeals having to be filed at the place where the cause of action had arisen or the effect thereof was felt. By way of example, Mr. Lall submitted that appeals against orders passed by the Company Law Board would lie only before the Delhi High Court. The decision in *Stridewell Leathers (P) Ltd. vs. Bhankerpur Simbhaoli Beverages (P) Ltd.*⁵ was also referred to in this regard.

15. Mr. Lall submitted that full disclosures had not been made regarding the pendency of the suit filed by the respondent, which is still pending decision, wherein the appellant had filed a counter affidavit and a defence had been taken against 15 cancellation. Mr. Lall submitted that for the reasons aforesaid and also in view of the fact that under the Designs Act, 2000, only the Controller of Designs had the jurisdiction to cancel a design, no interference was called for with the order of the Delhi High Court ruling on its jurisdiction to entertain the Appeals under Section 19 of the 2000 Act.

16. Countering the submissions made by Mr. Lall with regard to the jurisdiction of the Delhi High Court, Mr. Dave concluded on the note that after the enactment of the Design Act, 2000, it is only the Controller of Designs before whom an application can be made under Section 19 for cancellation of a Design in contrast to the provisions of Section 51 A of the 1911 Act under which even the High Court could cancel the registration of a Design. Mr. Dave urged that in view of the amendments in Section 51-A of the 1911 16 Act the question of jurisdiction of the Delhi High Court to entertain the appeals has become relevant.

17. The answer to the question thrown up in these appeals involves the interpretation of the expression "High Court" used in Sections 19(2) and 22(4) of the 2000 Act and in Section 51A of 1911 Act.

18. Section 51A of the 1911 Act which deals with "Cancellation of Registration", provides as follows:

“51A. Cancellation of registration. (1) Any person interested may present a petition for the cancellation of the registration of a design- (a) at any time after the registration of the design, to the High Court on any of the following grounds, namely:- (i) that the design has been previously registered in India; or (ii) that it has been published in India prior to the date of registration ; or (iii) that the design is not a new or original design ; or 17 (b) within one year from the date of the registration, to the Controller on either of the grounds specified in sub-clauses (i) and (ii) of clause (a).

(2) An appeal shall lie from any order of the Controller under this section to the High Court, and the Controller may at any time refer any such petition to the High Court, and the High Court shall decide any petition so referred.”

19. Section 51A(1)(a) very clearly provides that at any time after registration of the design, an application for cancellation of the registration could be made to the High Court on the grounds indicated therein. Section 51A(1)(b) makes an exception and provides that within one year from the date of registration of the design, an application could be made for cancellation of the registration to the Controller on the grounds specified in Sub-clauses (i) and (ii) of Clause (a). Section 51A(2) provides that an appeal from 18 the order of the Controller would lie to the High Court.

20. Section 19 of the 2000 Act, on the other hand, provides as follows:

“19. Cancellation of registration.- (1) Any person interested may present a petition for the cancellation of the registration of a design at any time after the registration of the design, to the Controller on any of the following grounds, namely:- (a) that the design has been previously registered in India; or (b) that it has been published in India or in any other country prior to the date of registration; or (c) that the design is not a new or original design; or (d) that the design is not registrable under this Act; or (e) that it is not a design as defined under clause (d) of section 2.

(2) An appeal shall lie from any order of the Controller under this section to the High Court, and the Controller may at any time refer any such petition to the High Court, and the High Court shall decide any petition so referred.”

21. In contrast to the provisions of Section 51A(1)(a) of the 1911 Act, Section 19(1) of the 2000 Act, which also deals with cancellation of registration, provides for a petition for cancellation of registration of a design to be filed before the Controller and not to the High Court. On a comparison of the two provisions of the two enactments, it will be obvious that under the 2000 Act the intention of the Legislature was that an application for cancellation of a design would lie to the Controller exclusively without the High Court having a parallel jurisdiction to entertain such matters. It is also very clear that all the appeals from any order of the Controller under Section 19 of the 2000 Act shall lie to the High Court. The basic difference, therefore, as was pointed out to the High Court and noticed by it, is that while under Section 19 of the 2000 Act an application for cancellation would have to be made to the Controller of Designs, under Section 51A of the 1911 Act an application could be preferred either to the High Court or within one year from the date of registration to the Controller on the grounds specified under Sub-clauses (i) and (ii) of Clause (a) of Section 51A(1). Under Section 19 of the 2000 Act the power of cancellation of the registration lies wholly with the Controller. On the other hand, an application for cancellation of a design could be made directly to the High Court under Section 51A of the 1911 Act. Under the 2000 Act, the High Court would be entitled to assume jurisdiction only at the appellate stage, whereas under Section 51A of the 1911 Act the High Court could itself directly cancel the registration. Whereas in *Girdharilal Gupta's case* (supra), the question of jurisdiction of the High Court was in relation to an application made to the High Court directly, in the instant case, we are concerned with an order of the Controller against which an appeal is required to be filed before the High Court. While in *Girdharilal Gupta's case* the Court was considering the expression "High Court" in the context of a fall-out in respect of the ground of registration and the cause of action arising on account of such fall-out, in the present case, there is no question of any consequential impact since the application for cancellation of registration was on the basis of fake documents created in order to perpetrate a fraud.

22. The reliance placed by the High Court on the judgment in *Girdharilal Gupta's case* (supra) appears to be misplaced, inasmuch as, while under the 1911 Act the High Court acts

as an Original forum, under the 2000 Act the High Court acts as an Appellate forum, which are two separate jurisdictions operating in two different fields.

“In the instant case, the doctrine of cause of action, as understood under Section 20 C.P.C., has been imported on the basis of the provisions of Section 51A of the Designs Act, 1911, whereas the case of the appellant would fall under Section 19 of the Designs Act, 2000, where the High Court functions as the Appellate forum. The cause of action for the instant proceedings is most certainly the cancellation of the registered design of the appellant which happened in the State of West Bengal which gave the Calcutta High Court the jurisdiction to deal with the matter. The Delhi High Court, in our view, erred in holding that the cause of action had arisen within its local jurisdiction, whereas the jurisdiction of the High Court was on account of the cancellation of registration of the design and not on account of the impact thereof in any particular State. This is what distinguishes the decision in Girdharilal Gupta's case from the facts of this case.”

23. Apart from the fact that the parties to the suit were in Kolkata, it is clear that the cause of action for the suit arose in Kolkata by virtue of the order passed by the Controller in relation to the appellant's design. As the facts indicate, the cause of action for the suit arose in Kolkata, which, in any event, had jurisdiction to entertain the suit. Having erroneously applied the decision in Girdharilal Gupta's case (supra) to the facts of the case, the High Court was led into error in holding that the consequence of the cancellation gave jurisdiction to the Delhi High Court to entertain the suit, without considering in its proper perspective the provisions of Section 51A of the 1911 Act in contrast to the provisions of Section 19 of the 2000 Act.

24. The various decisions cited by Mr. Dave to support his submissions that the question as to which High Court would have jurisdiction to entertain an appeal under Section 19, had to be determined on the basis of the statutory provisions and not on the basis of dominus litus or the situs of the Appellate Tribunal or the cause of action.

“We are inclined to accept Mr. Dave's submission that the Delhi High Court had erred in making a comparison between the provisions of Section 51A of the 1911 Act and Section 19(2) of the 2000 Act, which operate on different planes.”

25. Having regard to the above, we are of the view that the impugned order of the Delhi High Court cannot be sustained and we, accordingly, set aside the same and hold that in the instant case it is the Calcutta High Court which will have jurisdiction to entertain the appeal under Section 19 of the 2000 Act. The proceedings before the Delhi High Court are, therefore, quashed. The Appellant is granted leave to move the Calcutta High Court against the order of cancellation of its 25 design on the grounds taken in these Appeals, as well as such other grounds as may be relevant for the purpose of deciding the question of cancellation of the Appellant's design by the Controller of Designs, Kolkata, within 30 days from date. If the

appeals are filed within the said period, the delay in taking such proceedings shall be condoned.

26. The appeals are, accordingly, allowed, but there will be no order as to costs.

¹(1978) 14 D.L.T. 132

²AIR 1988 Delhi 82

³(2007) 6 SCC 769

⁴(2007) 14 SCC 464

⁵(1994) 1 SCC 34