

Dassault Systemes Solidworks ... vs Spartan Engineering Industries ... on 28 January, 2021

Author: C. Hari Shankar

Bench: C. Hari Shankar

\$~14 (original side)

* IN THE HIGH COURT OF DELHI AT NEW DELHI

+ CS(COMM) 34/2021 & I.A. 1042/2021, I.A. 1043/2021, I.A. 1044/2021

DASSAULT SYSTEMES SOLIDWORKS
CORPORATION & ANR.

..... Plaintiffs

Through: Mr. Pravin Anand, Mr.
Shantanu Sahay and Mr. Rohan Sharma,
Advs.

versus

SPARTAN ENGINEERING INDUSTRIES PRIVATE
LIMITED & ANR.

..... Defendants

Through: None

CORAM:

HON'BLE MR. JUSTICE C. HARI SHANKAR
ORDER

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28.01.2021

(Video-Conferencing)

I.A. 1044/2021 (under Order XI Rule 1(4) CPC) in CS(COMM)

1. Subject to the plaintiffs' filing clear copies of documents which may be dim, on which the plaintiffs seek to place reliance, within a period of four weeks from today, exemption is allowed for the present.

2. The application stands disposed of.

I.A. 1043/2021 in CS (COMM) 34/2021

1. The plaintiffs are granted permission to file additional documents, if they so choose, within a period of four weeks from today subject to the rights of defendants to admit or deny the said documents.

2. The application stands disposed of.

CS(COMM) 34/2021

1. Issue summons.

2. Written statement, if any, be filed within a period of four weeks accompanied by affidavit of admission/denial of documents filed by plaintiffs. Replication thereto, if any, be filed within a period of two weeks thereof accompanied by affidavit of admission/denial of documents filed by defendants.

3. List before the Joint Registrar (Judicial) for admission/denial of documents and marking of exhibits on 23rd March, 2021.

I.A. 1042/2021 (under Order XXXIX Rules 1 & 2 CPC) in CS (COMM) 34/2021

1. Issue notice, returnable on 26th April, 2021.

2. Response to this application, if any, be filed within a period of four weeks with advance copy to learned counsel for the plaintiffs, who may file rejoinder thereto, if any, within two weeks thereof.

3. The plaintiffs essentially seek injunction against the defendants directly or indirectly using, copying or otherwise dealing with pirated/unlicensed copies of the "SOLIDWORKS" software programme, in which the plaintiffs claim copyright, or its versions or any other software programmes developed by the plaintiffs which may infringe the copyright of Plaintiff No. 1. Plaintiff no. 2 is a sister concern of M/s Dassault Systemes France and claims to have been established by the aforesaid French company to manage all its affairs with respect to the "SOLIDWORKS" software in India. Plaintiff No. 1 is stated to be carrying on business in India through Plaintiff No. 2.

4. The "SOLIDWORKS" software is a computer aided design (CAD) software, aimed at modelling and simulating three dimensional (3D) solid products and is stated to cater to the aerospace, defence, automotive, transportation, consumer products and educational industries amongst others.

5. The "SOLIDWORKS" software programme is in the nature of a compact CAD and computer aided engineering (CAE) software which facilitates development of products in a 3D environment.

6. The software programme of the plaintiff, as well as the instruction manuals relating thereto are, in the submission of plaintiffs, "literary work" entitled to copyright protection. It is stated that these software programmes were developed by the employees of the plaintiffs for use by the plaintiffs and that, by application of the "work for hire" doctrine, the copyright therein belongs to the plaintiffs, as the employer of the employees who had developed the software.

7. Plaintiff No. 1 is, therefore, according to the plaint, the copyright owner in the software programmes which are "works", within the meaning of the Copyright Act, 1957.

8. The software programme in issue was, it is submitted, first published in the United States of America. The plaintiff further avers that India and the United States are members of the Berne Convention, Universal Copyright Convention and the World Trade Organisation Agreement (WTO), which provide for protection of copyright, in India, for works which were first published in United States, as though they were first published in India, under Section 40 of the Copyright Act, 1957 (hereinafter referred to as "the Act") read with the International Copyright Order, 1999.

9. The plaintiff also places reliance on Section 51(a)(i) of the Act, as read with Sections 14 and 17 thereof which may be reproduced, for ready reference, thus:

"51. When copyright infringed. - Copyright in a work shall be deemed to be infringed

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(a) when any person, without a licence granted by the owner of the copyright or the Registrar of Copyrights under this Act or in contravention of the conditions of a licence so granted or of any condition imposed by a competent authority under this Act -

(i) does anything, the exclusive right to do which is by this Act conferred upon the owner of the copyright, or

(ii) permits for profit any place to be used for the communication of the work to the public where such communication constitutes an infringement of the copyright in the work, unless he was not aware and had no reasonable ground for believing that such communication to the public would be an infringement of copyright; or

(b) when any person -

(i) makes for sale or hire, or sells or lets for hire, or by way of trade displays or offers for sale or hire, or

(ii) distributes either for the purpose of trade or to such an extent as to affect prejudicially the owner of the copyright, or

(iii) by way of trade exhibits in public, or

(iv) imports into India, any infringing copies of the work:

Provided that nothing in sub-clause (iv) shall apply to the import of one copy of any work, for the private and domestic use of the importer.

Explanation. - For the purposes of this section, the reproduction of a literary, dramatic, musical or artistic work in the form of a cinematograph film shall be deemed to be an "infringing copy".

14. Meaning of copyright. - For the purposes of this Act, "copyright" means the exclusive right subject to the provisions of this Act, to do or authorise the doing of any of the following acts in respect of a work or any substantial part thereof, namely:-

(a) in the case of a literary, dramatic or musical work, not being a computer programme, -

(i) to reproduce the work in any material form including the storing of it in any medium by electronic means;

(ii) to issue copies of the work to the public not being copies already in circulation;

(iii) to perform the work in public, or communicate it to the public;

(iv) to make any cinematograph film or sound recording in respect of the work;

(v) to make any translation of the work;

(vi) to make any adaptation of the work;

(vii) to do, in relation to a translation or an adaptation of the work, any of the acts specified in relation to the work in sub-clauses (i) to (vi);

(b) in the case of a computer programme,--

(i) to do any of the acts specified in clause

(a);

(ii) to sell or give on commercial rental or offer for sale or for commercial rental any copy of the computer programme:

Provided that such commercial rental does not apply in respect of computer programmes where the programme itself is not the essential object of the rental.

(c) in the case of an artistic work,--

(i) to reproduce the work in any material form including -

A. the storing of it in any medium by electronic or other means; or

B. depiction in three dimensions of a two dimensional work; or

C. depiction in two dimensions of
three dimensional work;

(ii) to communicate the work to the public;

(iii) to issue copies of the work to the public not being copies already in circulation;

(iv) to include the work in any cinematograph film;

(v) to make any adaptation of the work;

(vi) to do in relation to adaptation of the work any of the acts specified in relation to the work in sub-clauses (i) to (iv);

(d) in the case of a cinematograph film,--

(i) to make a copy of the film including

A. a photograph of any
forming part thereof; or

B. storing of it in any medium
electronic or other means;

(ii) to sell or give on commercial rental or offer for sale or for such rental, any copy of the film;

(iii) to communicate the film to the public;

(e) in the case of a sound recording,--

(i) to make any other sound recording
embodying it;

[including storing of it in any medium by electronic or other means];

(ii) to sell or give on commercial rental or offer for sale or for such rental, any copy of the sound recording;

(iii) to communicate the sound recording to the public.

Explanation.-- For the purposes of this section, a copy which has been sold once shall be deemed to be a copy already in circulation.

17. First owner of copyright:- Subject to the provisions of this Act, the author of a work shall be the first owner of the copyright therein:

Provided that -

(a) in the case of a literary, dramatic or artistic work made by the author in the course of his employment by the proprietor of a newspaper, magazine or similar periodical under a contract of service or apprenticeship, for the purpose of publication in a newspaper, magazine or similar periodical, the said proprietor shall, in the absence of any agreement to the contrary, be the first owner of the copyright in the work in so far as the copyright relates to the publication of the work in any newspaper, magazine or similar periodical, or to the reproduction of the work for the purpose of its being so published, but in all other respects the author shall be the first owner of the copyright in the work;

(b) subject to the provisions of clause (a), in the case of a photograph taken, or a painting or portrait drawn, or an engraving or a cinematograph film made, for valuable consideration at the instance of any person, such person shall, in the absence of any agreement to the contrary, be the first owner of the copyright therein;

(c) in the case of a work made in the course of the authors employment under a contract of service or apprenticeship, to which clause (a) or clause (b) does not apply, the employer shall, in the absence of any agreement to the contrary, be the first owner of the copyright therein;

(cc) in the case of any address or speech delivered in public, the person who has delivered such address or speech or if such person has delivered such address or speech on behalf of any other person, such other person shall be the first owner of the copyright therein notwithstanding that the person who delivers such address or speech, or, as the case may be, the person on whose behalf such address or speech is delivered, is employed by any other person who arranges such address or speech or on whose behalf or premises such address or speech is delivered;

(d) in the case of a Government work, Government shall, in the absence of any agreement to the contrary, be the first owner of the copyright therein;

(dd) in the case of a work made or first published by or under the direction or control of any public undertaking, such public undertaking shall, in the absence of any agreement to the contrary, be the first owner of the copyright therein;

Explanation. - For the purposes of this clause and section 28A, "public undertaking" means -

- (i) an undertaking owned or controlled by Government; or
 - (ii) a Government company as defined in section 617 of the Companies Act, 1956 (1 of 1956); or
 - (iii) a body corporate established by or under any Central, Provincial or State Act;
- (e) in the case of a work to which the provisions of section 41 apply, the international organization concerned shall be the first owner of the copyright therein."

10. The plaintiff alleges that use of any pirated copy of the plaintiffs' "SOLIDWORKS" software programme would amount to copyright infringement as pirating involves, necessarily, making of an unauthorised copy and installation of the said copy in the computer system which seeks to use it. Even during the course of use of the programme, it is asserted, unauthorised temporary copies would be created on the Random Access Memory (RAM) of the computer system.

11. The plaintiff places reliance, additionally, on Section 63B of the Copyright Act, 1957, which makes knowing use of a pirated computer program to be a criminal offence and reads thus:

"63B. Knowing use of infringing copy of computer programme to be an offence. - Any person who knowingly makes use on a computer of an infringing copy of a computer programme shall be punishable with imprisonment for a term which shall not be less than seven days but which may extend to three years and with fine which shall not be less than fifty thousand rupees but which may extend to two lakh rupees:

Provided that where the computer programme has not been used for gain or in the course of trade or business, the Court may, for adequate and special reasons to be mentioned in the judgment, not impose any sentence of imprisonment and may impose a fine which may extend to fifty thousand rupees"

12. It is further asserted that even violation of the End User License Agreement (EULA), grant to the user of the software programme would amount to a copyright infringement under Section 65A of the Copyright Act, 1957. Para 13 of the plaintiff sets out the manner in which the use of piracy takes place and reads thus:

"13. The Plaintiffs suffers incalculable damage to its intellectual property rights and business on account of various forms of piracy in its software programs. End-user piracy is the most damaging form of software piracy affecting Plaintiffs and occurs in the following manner:

- a. When the number of software copies installed on the computers of an organization or a company exceed the number of copies permitted or authorized by the license agreement, commonly known as the End User License Agreement (EULA) or the Customer License and Online Services Agreement (CLOSA) held by the organization or the company; or
- b. When the organization avoids paying maintenance and updates its software with the latest version of the software by using illegal methods such as

cracking, hacking and the like; or c. When the software is installed and copied from pirated CD ROMs containing single or multiple pirated or unlicensed versions of software programs onto the computers used by an organization or a company; or d. When an unlicensed/pirated version of the software is installed using licenses generated through fake license key generators colloquially referred to as a 'keygen' so as to misrepresent to the serial-key security mechanism of the software that the software has been installed using a valid license key; or e. When academic or other restricted or non-retail software is acquired without a license and used for commercial purposes; or f. When advantage of upgrade offers is taken without having a legal copy of the version to be upgraded."

13. The plaint further asserts that any customer of the plaintiff would acquire the right to use software contained in compact disk/USBs, or any other portable or cloud storage medium, and does not acquire any title in the said software. The license, for use of the software developed by the plaintiff, it is submitted, is provided via internet, during which process the supposed user agrees to the terms of the EULA or a Customer License and Online Service Agreement (CLOSA), prior to installing the software in the system. While installing the software and after subscribing to the aforesaid agreements, the customer is also required to specify the number of computers on which the software would be loaded /installed, and which are in concurrent use at the premises of the customer. Once the customer agrees to the terms of the EULA and the CLOSA, the plaintiff's authorised representatives will send a licence key to the customer's registered email ID, and it is only by using the said key that installation of the plaintiff's software on the customer's system is possible.

14. Any entity, using the original licensed software of the plaintiff, must, therefore, it is asserted, be in a position to provide evidence of payment or of proof of having procured the requisite number of genuine licenses, corresponding to the exact number of computers on which the software has been downloaded/loaded/installed and which are in concurrent use by the customer.

15. Any entity, employing the plaintiff's software, in violation of the EULA and CLOSA is, therefore, in breach of the contractual rights of the plaintiff as well as in breach of its intellectual property rights, subsisting in the aforesaid "SOLIDWORKS" software.

16. Para 17 of the plaint sets out the manner in which the plaintiff detects copyright infringement of its software and merits reproduction, thus:

"17. The security mechanisms are essentially software programs-colloquially known as "phone home" technology- built into the Plaintiffs' software, which verifies whether Plaintiffs' software is being used in accordance with the terms of the EULA and/or the CLOSA. It does so by capturing and recording very specific information

about the usage of the software program by the host and the computer on which it has been installed and used. This information is then transmitted to Plaintiffs' servers which automatically crosscheck the details of the software and the computer system on which it is installed i.e. license key, software version, etc. that the software is being used with a fake or a pre-existing unique license key i.e. beyond the scope of the EULA and the CLOSA, the aforesaid mechanism logs the information as an incident report of an infringement known as an "infringement hit". Each infringement hit accounts for the number of times the pirated/unauthorised software is used by an individual. The Plaintiffs can then check the infringement hits from a database which consolidates all the infringement hits it receives along with such corresponding data relating to the computer and the on line network the computer system is part of to identity the infringing user of the software. Once the Plaintiffs have identified the user of the infringing software the Plaintiffs can then contact the infringer to curb the unauthorised use of such software and further infringement as well."

The infringement database portal used by the plaintiff is "Exalead".

17. The plaint alleges that, in May, 2018, the plaintiff received information regarding the use, by the defendants, of large volumes of pirated and unauthorised versions of the "SOLIDWORKS" software, programme in which the plaintiff holds copyright, on its computers for business purposes. Prompted by the said information, the plaintiff checked the Exalead infringement database in May, 2018, whereon, it is alleged, it was discerned that the defendants have been using pirated and/or unauthorised version of the plaintiff's "SOLIDWORKS" software on at least ten computer systems. This use, it is further asserted, was increased in August, 2020 and, at present, it is alleged that the defendants are using the plaintiff's software on at least 23 computer systems, without due authorisation.

18. The number of "infringement uses" as detected by Exalead, is stated to be about 9357. The plaintiff has also provided, in para 30 of the plaint, an exact copy of the information from the plaintiff's Exalead database and has furnished a tabulated statement, in respect thereof, in para 30 of the plaint, disclosing the MAC address, the total instances of infringement as well as the dates when the first and last occasion of infringement took place.

19. The plaint further asserts that the defendants have, till date, not paid the licence fee to cover the unauthorised use of the plaintiff's "SOLIDWORKS" software and are, rather, denying infringement, despite several notices having been issued by the plaintiff to the defendants in that regard. Efforts at an amicable resolution of the issue with the defendants have also, it is asserted, proved futile.

20. It is in these circumstances that the plaintiff has approached this Court, seeking injunction as noted hereinabove. Para 38 of the plaint also cites various earlier orders of ad interim injunctions granted in the plaintiffs' favour.

21. Clearly, the averments in the plaint, if true, make out a case of unauthorised infringement of the copyright held by the plaintiff in its "SOLIDWORKS" software.

22. Software infringement is a serious issue, and deserves to be nipped in the bud.

23. I am convinced, therefore, that the plaintiff has made out a case for ad interim ex-parte injunction, pending a response from the defendants.

24. Para 25 of this application set outs the prayer for ad interim injunction in the following manner:

"25. In light of the foregoing, it is respectfully prayed that this Hon'ble Court may be pleased to issue:-

a. An ad interim temporary injunction restraining the Defendants, their principal officers, directors, agents, franchisees, servants and all others acting for and on their behalf at the Defendants' premises, from directly or indirectly using for any kind of computer related activities or otherwise in any other manner, any pirated/unlicensed/unauthorized software programs of the Plaintiffs or reproducing and distributing any pirated/unlicensed/unauthorized software of the Plaintiffs in contravention of the terms of the End User License Agreement(s) (EULA)/ Customer License and Online Services Agreement (CLOSA), or infringing in any other manner or causing or enabling or assisting others to infringe the copyrights of the Plaintiffs including SOLIDWORKS software and its various versions or any other software programs developed by the Plaintiffs in any manner that may amount to infringement of the Plaintiffs' copyright subsisting in its software programs and software related documentation;

b. An ad interim temporary injunction restraining the Defendants, their principal officers, directors, agents, franchisees, servants and all others acting for and on their behalf at the Defendants' premises, from directly or indirectly formatting the computer systems and/or erasing any data, log files, installations, etc. pertaining to assisting others to infringe the copyrights of the Plaintiffs subsisting in its software programs and software related documentation including SOLIDWORKS software and its various versions or any other software programs developed by the Plaintiffs.;

Such other order as this Hon'ble Court may deem fit and proper in the facts and circumstances of the case."

25. In view of the aforesaid observations, till the next date of hearing, there shall be an ad interim ex-parte injunction, in terms of prayers (a) and (b) in IA 1042/2021, reproduced hereinabove.

26. Inasmuch the present order has been passed in the absence of the defendants, the plaintiffs shall take steps to comply with the provisions of Order XXXIX Rule 3 CPC

within the time stipulated in that regard.

27. Needless to say, the defendants, being unrepresented today, would be at liberty to move for modification or vacation of this order, if it so deems appropriate.

C. HARI SHANKAR, J.

JANUARY 28, 2021 dsn