

# **Midas Hygiene Industries Pvt. Ltd. vs Sudhir Bhatia on 4 November, 2015**

**Author: S.Ravindra Bhat**

**Bench: S. Ravindra Bhat, Vipin Sanghi**

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IN THE HIGH COURT OF DELHI AT NEW DELHI

Reserved on: 16.10.2014

Pronounced on: 04.11.2015

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RFA 239/2011

RFA 240/2011

RFA 241/2011

MIDAS HYGIENE INDUSTRIES PVT. LTD.

..... Appellant

Versus

SUDHIR BHATIA

..... Respondent

Through : Ms. Prathiba. M. Singh, Sr. Advocate with Sh. Sushant Singh, Sh. P.C. Arya and Ms. Suhasni, Advocates, for the appellant.

Sh. Shailen Bhatia, Sh. Mohan Vidhani and Ms. Priti, Advocates, for the respondent.

CORAM:

HON'BLE MR. JUSTICE S. RAVINDRA BHAT HON'BLE MR. JUSTICE VIPIN SANGHI MR. JUSTICE S. RAVINDRA BHAT %

1. These appeals, under Section 72 of the Copyright Act, 1957, challenge the order of the Learned Copyright Board (hereinafter ☐the Board) RFA239/11, 240/11 & 241/11 Page 1 dated 04.04.2011, which expunged registration numbers A-51334/91, A-

55885/99, and A-55885/99 upon the petition filed on 23.01.07 by the respondent/Applicant, Sudhir Bhatia (hereinafter, ☐the respondent ). The ground in support of the appeal is that inter alia, the Board mis-applied Section 15(2) of the Copyright Act, 1957 in the facts and circumstances of the case.

2. The appellants (hereafter called "Midas") claim to be pioneers in insecticides and pesticide production in the form of chinks in India. After conceiving the idea and testing it, Midas launched commercial activity under the trademarks "Krazy Lines" and "Laxman Rekha" (hereafter "the trademarks") approximately in 1989. The trademarks were registered, bearing Nos. 545608 and 54610 respectively in 1991, and the packaging material of the products was registered under No. A-51334/91 of the Copyright Act.

3. The respondent was employed by the appellants from 1985 as he was a close relative of a director, Mr. S. S. Kapoor. In 1992, he started production of identical chinks under the trademarks "Krazy Lines" and "Laxman Rekha", pursuant to which a legal notice was served upon him on 28.02.1992, which was replied to by him. When such production activity continued in 1994, criminal proceedings were initiated against the respondent. Later that year, upon the insistence of family members, an agreement was signed between the opposing parties, which, inter alia, stipulated the abandonment of the trademarks "Krazy Lines" and "Laxman Rekha" by both the appellant and the respondent, after 30.06.1994.

4. The agreement, however, was breached, in the first instance, by the respondent, after which the appellant also found it expedient in their RFA239/11, 240/11 & 241/11 Page 2 business' interests to flout its terms and continue production of the insecticide and pesticide chinks. Thereafter, Midas filed Suit No. 1821/1999 against the respondent before this Court. The matter, after being heard by a Single Judge and later, a Division Bench the Court, was eventually decided by the Supreme Court of India on 22.01.2004, restraining the respondent from using the said trademarks, during pendency of the suit on the file of this Court. The Supreme Court held that the cartons used by the respondent was "almost identical" to that of the appellant. The Court held that the respondent was unable to explain why such a mark was used and that this indicated a prima facie dishonest intention.

5. After these developments, the respondent filed a Rectification Petition Nos. F 1-6/ 2007-CRB (WZ); F1-23/2007-CRB (WZ) and F1-24/2007-CRB (WZ) seeking cancellation of the copyright numbered A-55884/99 (copyright for □KRAZY LINES ); A-55885/99 (copyright for □LAXMAN REKHA ) and A-55334/91 (copyright for □LAXMAN REKHA and □KRAZY LINES ) before the Board claiming to be the rightful proprietor of the said trademarks, and challenging the said registration on several grounds such as non-compliance with Rule 16 of the Copyright Rules, 1958, lack of originality in the artistic works of Midas, the lack of proper assignment between Midas and its predecessor-in-title. The Board ordered cancellation of the copyrights in the order dated 04.04.2011, which is the subject matter of these appeals.

6. The Copyright Board, which made the impugned orders, directing cancellation of copyright registration, restricted the scope of the appeal to a consideration of the true interpretation of Section 15 (2) of the Copyright RFA239/11, 240/11 & 241/11 Page 3 Act, 2000, which enacts that where copyright in a design is capable of registration under the Designs Act, and is not so registered, as soon as the article - to which such copyright is applied, is produced more than fifty times through an industrial process, the copyright shall cease to exist. The Copyright Board held that the appellant's registration vis-à-vis the artistic work, in respect of which it had copyright, was capable of design registration and consequently, the omission to apply for and obtain design protection resulted in the

cessation of copyright. The Board, in so concluding relied on a Division Bench ruling of this Court in *Microfibres v Girdhar* 2009 (4) PTC 519, particularly, the summation of the law, contained in Para 46 of the report. It was held that the copyrights of the appellants ceased the moment they used the artistic works for the purpose of the packaging, which was capable of design registration.

#### The appellant's arguments

7. The appellant avers- and its learned senior counsel, Ms. Pratibha Singh, argues that that the Copyright Board fell into error in applying Section 15 (2) of the Copyright Act, 1957 in the present instance, resulting in erroneous cancellation of its copyrights. The appellant submits that the respondent, at the time of the registration of the said copyright in 1999, could not be understood as a "person interested", thereby necessitating no issuance of notice under Rule 16 of the Copyright Rules, 1958, which legal infirmity, the respondent claims, can solely merit the cancellation of the copyrights. Furthermore, the appellant has opposed the impugned order on the grounds that the laws of limitation and waiver barred the respondent's application.

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8. Elaborating on the first contention, Ms. Pratibha Singh argued the copyright - used as a label, does not in any manner cease to be an artistic work. Counsel submitted that the use of the copyright as label while packing products (i.e. insect-repellent chalk) did not render the packaging a "design" which was compulsorily registrable. In this regard, counsel relied on the decision in *Microfibres* (supra) as well as other decisions, notably *William Grant & Sons v. McDowell's and Co. Ltd.* 55 (1994) DLT 80; *Hindustan Lever Ltd. v Nirma (Pvt) Ltd* AIR 1992 Bom 195 to the following effect:

"The expression 'design' has been defined in Section 2(5) of the Designs Act, 1911. The said expression has been authoritatively interpreted in various judgments, of various High Courts. To give an illustration, one may usefully refer to the judgment of Chinnappa Reddy, J. in the case of *A. F. Products v. A. B. Works* AIR 1973 AP 17. It was held in this case that a design is necessarily part and parcel of the article manufactured while a trade mark is necessarily not so. Thus the label to be put on a carton to be used as a container for the goods can never amount to design within the meaning of Section 2(5) of the Designs Act. Section 15(2) of the Copyright Act, 1957 has no application to this case."

9. Highlighting that *Microfibres* is binding precedent in the context of findings as to the use of an artistic work as an integral and constitutive part of an article, Learned counsel submitted that the artistic work in the present case was incapable of design protection and therefore fell outside the mischief of Section 15 (2). It was highlighted that for the applicability of that provision, there must be an element of inseparability as between the design (of the article) and the artistic element. Here, however, a mere label could not be said to constitute an artistic work capable of design right protection. Learned counsel submitted that the impugned order of the RFA239/11, 240/11 & 241/11 Page 5 Copyright Board failed to notice and deal with Section 2 (a) of the Designs Act, which highlights that an article could be artificial or partly artificial and should be capable of independent

production and sale. In the present case, submitted counsel there was nothing unique or novel in the packaging over which the label was printed that warranted design registration. Counsel emphasized that the application of the artistic work to the label as opposed to the article itself distinguished the facts of the present case from those in Microfibres. It was highlighted that the question, which was addressed by the Division Bench there, was if an artistic work enjoy wider protection under the Copyright Act and not whether a label - as opposed to an article or thing- could be independently protected as a design. Thus, the findings of the Copyright Board were unfounded.

10. It was next argued that the Board failed to consider the effect of Section 2 (1)(l) and (m) of the Trade Marks Act, 1958, which define "package" and "mark". The contention was that Section 15 of the Copyright Act would apply in two cases, viz. (1) when the design is applied to an article and (2) when the artistic work applied to an article is capable of design registration. Here, it was argued that the definition of "design" under Section 2 (a) excluded an artistic work (and a copyright in it) in a label. Counsel also relied on Section 45 of the Copyright Act and proviso to the said section to say that an artistic work which can secure protection as copyright as well as a trademark. It was argued that the exclusive rights under the Copyright Act and Trademarks Act can be maintained and enforced. Learned counsel submitted that the considerations are entirely different when it is asserted that designs which embody copyrights are also RFA239/11, 240/11 & 241/11 Page 6 to be treated as capable of design protection. Such eventuality is possible only if the artistic work in the design, i.e. the article itself is capable of embodiment. Absent that condition, the independent assertion of copyright cannot be repelled.

11. Section 2 (1) (m) of the Trade and Merchandise Marks Act, 1958 defines "mark" as including "a device, brand, heading, label, ticket, name, signature, word letter or numeral or any combination thereof". Further, Section 2 (1) (l) of the Trade and Merchandise Marks Act, 1958 defines "package" as "any case, box, container, covering, folder, receptacle, vessel, casket, bottle, wrapper, label, band, ticket, reel, frame, capsule, cap, lid, stopper and cork". It is argued that the impugned trade-marks, Krazy Lines and Laxman Rekha, and several cognates thereof (Lakshman Rekha, Magic Laxman Rekha, Original Krazy Lines et al), fall squarely within the purview of the above definitions.

12. Reliance was placed on Section 2 (c) (i) of the Copyright Act, 1957 which defines "artistic works" as "a painting, a sculpture, a drawing (including a diagram, map, chart or plan), an engraving or a photograph, whether or not any such work possesses artistic quality". It was submitted that Section 2 (c) (iii) brings within the purview of the aforesaid Act "any other work of artistic craftsmanship". Evidently, the distinctively written words "Krazy Lines" and "Laxman Rekha" could be understood, within the language of the Act, as a diagrammatic drawing, or alternatively, as an engraving; the innovative representation of the insecticide products are covered by the expression "work of artistic craftsmanship" of the Act. In brief argued the Appellants, the impugned trademarks, and packaging of the insecticides products marketed thereunder, can both doubtlessly be RFA239/11, 240/11 & 241/11 Page 7 considered "artistic works" under the definition stipulated under the Copyright Act, 1957.

13. Learned counsel for the appellant also referred to averments in the suit filed before this Court, CS (OS) 1821/1999 where a claim for trademark infringement and copyright infringement was

asserted against the present respondent (applicant before the Copyright Board). It was submitted that the appellants' right to the trademarks in KRAZY LINES and LAXMAN REKHA were clearly asserted. The Court had granted ad-interim injunction, which was vacated on appeal by the Division bench. However, the order of the learned single judge was restored by the Supreme Court in appeal by special leave; the said decision is reported as Midas Hygiene Industries P. Ltd. vs Sudhir Bhatia 2004 (3) SCC 90. Reliance was placed on the observations of the Supreme Court, in that judgment, to the effect that the present appellant had secured copyright registration in 1991 and renewed it in 1999 and that the present respondent/applicant had not indicated any plausible reason for reproducing an identical colour scheme for the label of his products. It was lastly contended that the Copyright Board could, not have entertained the respondent's rectification application, because he did not possess the locus standi to maintain it. Counsel also highlighted that the application under Section 50 was inordinately delayed and therefore, should not have been entertained at all.

14. Counsel for the respondent/rectification applicant, Mr. Shailen Bhatia, urged that this Court should not interfere with the impugned order of the Copyright Board. It was submitted that the Division Bench ruling in Microfibres (supra) was correctly applied. It was emphasized that like in that RFA239/11, 240/11 & 241/11 Page 8 case, the artistic work in the present case, itself became embodied in the article. The article, i.e. the packaging was capable of and compulsorily registrable. In this context, learned counsel argued that the Design Rules, 2001, framed under Section 47 of the Design Act, enabled various articles to be registered and classified them. It was submitted in this regard that design in packaging is not excluded from registration, as is evident from a glance at Sl. No. 3-01, Sl. No 9-05, Class 19 of the Third schedule to the Designs Rules. It is urged that the design capability of such articles extends to packages; consequently, the appellants' submissions are unfounded. Learned counsel also relied on the single judge's decision in Microfibres v Girdhar 2006 (32) PTC 157 and argued that the salient aspect of design registration there too, was considered in the context of classification of articles under the Rules of 2001. It is urged, particularly, that the cartons are for commercial use and industrially produced and therefore fall within class 19 of the third schedule. The said Class contains the Chapter heading "Stationery and Office equipments, artists and teaching material". Class 19-01 includes "all paper in the widest sense of the term...envelops". Class 19-02- 19-09, broadly construed in the light of the expressly provided articles- as also the "Miscellaneous" entry, leave no doubt that cartons and packaging, which contain labels, are to be compulsorily design registered. Therefore, Section 15 (2) is squarely attracted.

15. Learned counsel submitted that there is no period of limitation prescribed for an application under Section 50 of the Copyright Act and the provisions of the Limitation Act are inapplicable. Furthermore, there cannot be any question about the respondent being entitled to maintain the proceeding before the Copyright Board since he is a rival trader and RFA239/11, 240/11 & 241/11 Page 9 unquestionably has an interest in ensuring that copyrights disentitled to protection are not conferred monopoly rights and are struck off the register. Relevant statutory provisions

16. The relevant statutory provisions are extracted below:

"Provisions of the Indian Copyright Act, 1957 Section 2 (c) "artistic work" means-

(i) a painting, a sculpture, a drawing (including a diagram, map, chart or plan), an engraving or a photograph, whether or not any such work possesses artistic quality;

(ii) a [work of architecture]; and

(iii) any other work of artistic craftsmanship;

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15. Special provision regarding copyright in designs registered or capable of being registered under the Designs Act, 2000 (16 of 2000) -

(1) Copyright shall not subsist under this Act in any design which is registered under the Designs Act, 2000 (16 of 2000).

(2) Copyright in any design, which is capable of being registered under the Designs Act, 2000 (16 of 2000), but which has not been so registered, shall cease as soon as any article to which the design has been applied has been reproduced more than fifty times by an industrial process by the owner of the copyright, or, with his license, by any other person.

45. Entries in register of Copyrights. -(1) The author or publisher of, or the owner of or other person interested in the copyright in, any work may make an application in the prescribed form accompanied by the prescribed fee to the Registrar of Copyrights for entering particulars of the work in RFA239/11, 240/11 & 241/11 Page 10 the Register of Copyrights :

Provided that in respect of an artistic work which is used or is capable of being used in (relation to any goods or services), the application shall include a statement to that effect and shall be accompanied by a certificate from the Registrar of Trade Marks referred to in [(Section 3 of the Trade Marks Act, 1999 (47 of 1999)], to the effect that no trade mark identical with or deceptively similar to such artistic work has been registered under that Act in the name of, or that no application has been made under that Act for such registration by, any person other than the applicant.] (2) On receipt of an application in respect of any work under sub-section (1), the Registrar of Copyrights may, after holding such inquiry as he may deem fit, enter the particulars of the work in the Register of Copyrights.

\*\*\*\*\* Provisions of The Designs Act, 2000

2. Definitions. - In this Act, unless there is anything repugnant in the subject or context.

(a) "article" means any article of manufacture and any substance, artificial, or partly artificial and partly natural; and includes any part of an article capable of being made and sold separately;

(c) "copyright" means the exclusive right to apply a design to any article in any class in which the design is registered;

d) "design" means only the features of shape, configuration, pattern, ornament or composition of lines or colours applied to any article whether in two dimensional or three dimensional or in both forms, by any industrial process or means, whether manual, mechanical or chemical, separate or combined, which in the finished article appeal to and are judged solely by the eye; but does not include any mode or principle of construction or anything which is in substance a mere mechanical device, and RFA239/11, 240/11 & 241/11 Page 11 does not include any trade mark as defined in clause (v) of sub- section (1) of section 2 of the Trade and Merchandise Marks Act, 1958 (43 of 1958) or property mark as defined in section 479 of the Indian Penal Code (45 of 1860) or any artistic work as defined in clause (c) of section 2 of the Copyright Act, 1957 (14 of 1957).

4. Prohibition of registration of certain designs. - A design which-

(a) is not new or original; or

(b) 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; or

(c) is not significantly distinguishable from known designs or combination of known designs; or

(d) comprises or contains scandalous or obscene matter, shall not be registered.

Provisions of The Trade and Merchandise Marks Act, 1958 2 (v) "trade mark" means -

(i) in relation to Chapter X (other than section 81), a registered trade mark or a mark used in relation to goods for the purpose of indicating or so as to indicate a connection in the course of trade between the goods and some person having the right as proprietor to use the mark; and

(ii) in relation to the other provisions of this Act, a mark used or proposed to be used in relation to goods for the purpose of indicating or so as to indicate a connection in the course of trade between the goods and some person having the right, either as proprietor or as registered user, to use the mark whether with or without any indication of the identity of that person, and includes RFA239/11, 240/11 & 241/11 Page 12 a certification trade mark registered as such under the provisions of Chapter VIII."

Analysis and Conclusions

17. This case concerns with the seeming overlap between three intellectual property rights, viz. copyright, trademark and design. Copyright protection is to the original expression of an idea. It has been characterized in *White-Smith Music Pub. Co. v. Apollo Co.* 209 (1908) U.S. 1 as the "The right to exclude" others from using the idea in the protected (i.e expressed) form and the basis for this

protection is "that the person to whom it is given has invented some new collocation of visible or audible points, - of lines, colors, sounds, or words. The restraint is directed against reproducing this collocation, although but for the invention and the statute any one would be free to combine the contents of the dictionary, the elements of the spectrum, or the notes of the gamut in any way that he had the wit to devise. The restriction is confined to the specific form, to the collocation devised." Trademarks protect the distinctiveness of a mark, a logo, a symbol, and its association with a product or service. They are "badges of origin" which act as markers for the consumer to identify the source of goods or services (*Aristo Ltd. v Rysta Ltd* 1945 AC 68). Design rights, on the other hand, protect novelty of the design elements (shape, presentation, etc) of an article: it is significantly based on the visual appeal of the product or article.

18. The undoubted facts here are that the appellant and the respondent have a long litigious history. The appellant sued the respondent complaining RFA239/11, 240/11 & 241/11 Page 13 violation of trademark rights, in a passing off action. The Division Bench set aside the interim order made in its favour; ultimately, the Supreme Court restored the learned single judge's restraint order. The appellant had obtained copyright registrations based on its applications that the author of the artistic works of the label for LAXMAN REKHA and KRAZY LINES, two works, had assigned his rights to it. These three copyright registrations were obtained in 1991; they were renewed in 1999. They were also disclosed in the passing off suit, filed against the respondent in 1999. After the final order (in the interim injunction appeal of the appellant) by the Supreme Court (rendered in 2003), the respondent filed applications under Section 50 of the Copyright Act, for cancellation of copyright registration. These were allowed by the Board in its impugned order.

19. As is evident from the previous factual narrative, the primary bone of contention between the parties to this litigation is the design registration capability of the artistic work used by the appellant to market its products. The appellant faults the impugned decision of the Board canceling its copyrights. It argues that the artistic work cannot be registered because it is excluded from the definition of the expression "design" under the Designs Act. It next argues that even otherwise the reproduction of the artistic work on a package as a label does not automatically compel the registration of the article namely the package or container as a design. Quite naturally, the respondent argues to the contrary and urges this Court to uphold the Board's decision. The respondent primarily bases his argument upon the text of Section 15(2) of the Designs Act. Both parties base their arguments upon the previous Division Bench ruling in *Microfibers*.

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20. The definition of the expression "artistic work" in the Copyright Act is expansive. It includes both a painting and a drawing. To that extent, the appellant is correct in asserting that the subject work is an artistic work and consequently capable of copyright protection. Indeed the pleadings before the Board are predicated not only on the assertion of design protection capability of the subject work but also the averment that it lacks the originality which makes an artistic work copyrightable in the first instance. There is consequently an implicit admission that the subject mark or work - or label, if you have it - should not be afforded copyright protection through a registration. If so, this averment is reason enough to negate the respondent's submission with



regard to applicability of Section 15 (2) because of the definition of "design" (Section 2(d) of the Designs Act) clarifies that "design" means only the features of shape, configuration, pattern, ornament or composition of lines or colours applied to any article whether in two dimensional or three dimensional or in both forms, by any industrial process or means.... and does not include any trade mark as defined in clause (v) of sub-section (1) of section 2 of the Trade and Merchandise Marks Act, 1958 (43 of 1958) or property mark as defined in section 479 of the Indian Penal Code (45 of 1860) or any artistic work as defined in clause (c) of section 2 of the Copyright Act, 1957 (14 of 1957)." The applications under Section 50 before the Board, by the respondent, clearly state (for instance in Paras 7 and 9) that a) there is no authorship of the artistic work in question, to claim copyright and secondly that the artistic work lacks originality. Clearly, therefore, the respondent's argument was that the subject label/work is in fact an artistic work. Such being the case, the Board, in this Court's opinion, fell into error in wholly ignoring the RFA239/11, 240/11 & 241/11 Page 15 definition of "design" which excludes, inter alia, artistic works - so defined under the Copyright Act and that labels - as defined under the old Trade and Merchandise Marks Act, are excluded. Here, it may be emphasized that "trademark" under the said 1958 Act is defined as a trademark used in "relation to" goods (Section 2 (v) (i)).

21. The Court would not rest its decision on the narrow premise indicated above; it would now proceed to discuss the submission of the parties as to the central issue, urged by them, i.e. the design registration capability which according to the respondent, disentitled copyright protection. As evident from the language of Section 15 of the Copyright Act, copyright does not subsist in a registered design. The rationale for this is that someone's choice of design registration is a conscious decision to use the underlying work, for mass production. The design then reaches, through the medium of the product or the article, a wider audience; it has a commercial element. This is of course possible in the cases of designs of products and articles, which are sold widely or have a market. However, that is not always so in the case of an artistic work- typically a painting a drawing or even a sculpture for instance (which are closest species of copyrights that overlap with designs). Yet the transformation of a work of art into a design results in the possibility of its protection as a design. Section 15 (1) dictates that if this kind of work is registered as a design, there is no copyright protection. Section 15 (2) on the other hand, says that if a work is capable of design registration, and is not registered, but replicated as a product or article through a design more than 50 times through mechanical process, copyright in that work ceases. Now this injects a complicating dimension, because works of art, primarily so, which are also capable of design registration, would lose even copyright RFA239/11, 240/11 & 241/11 Page 16 protection, thus undermining the creative impulse and the efficacy which the Copyright Act in the first place assures. The dichotomy - indeed the difficulty in articulating an acceptable harmony between these two strands of thought was seen long ago. This was noticed and commented upon in *King Features Syndicate Incorporated and Frank Cecil Betts, the Personal representative of Elzie Chrisler Segar, Deceased v. O & M Kleeman Ltd.* 1941 (48) RPC 207. In that case, the anthropomorphic cartoon strip character "Popeye the Sailor" used in comics and later in films, was reproduced in the form of toys and brooches. The author did not industrialize the cartoon character, but later, due to its popularity, he licensed some manufacturers to produce articles in the toys, brooches, etc. The House of Lords drew a distinction between copyright under the Copyright Act on the one hand, and "design copyright" under the relevant Designs law. The Court concluded that such design rights are separate and their extinction did not

result in cessation of copyright in the work (i.e the cartoon character in question). It was held that:

".....The statutory definition of design now in force is found in Section 19 of the Patents and Designs Act, 1919, which replaces that given in Section 93 of the Patents and Designs Act, 1907. The operative definition so far as here material is:

„Design means only the „ features of shape, configuration, pattern, or ornament applied to any article „ by any industrial process or means whether manual, mechanical, or chemical, "separate or combined, which in the finished article appeal to and are judged "solely by the eye". Thus design involves certain elements: there must be features of shape, configuration, pattern, or ornament and these must be applied (or intended to be applied in the words of Section 22 of the Copyright Act) to any article by way of industrial means or process. Section 22 emphasises the same aspects. Designs to which the section is to apply are those RFA239/11, 240/11 & 241/11 Page 17 used or intended to be used as models or patterns to be multiplied by any industrial process. Thus a design may be the shape of a coal scuttle, a basin, a motor car, a locomotive engine or any material object, it may be the shape embodied in a sculptured or plastic figure, which is to serve as a model for commercial production, or it may be a drawing in the flat of a complex pattern, intended to be used for the manufacture of things such as linoleum or wall paper. Design copyright is thus to be distinguished from artistic copyright.."

More recently, the Supreme Court succinctly set out the object of the Designs Act and Parliamentary intention in affording protection to designs, in *Bharat Glass Tube v Gopal Glass Works Ltd* AIR 2008 SC 2520. The Court held as follows:

"The purpose of the Designs Act is to protect novel designs devised to be applied to (or in other words, to govern the shape and configuration of) particular articles to be manufactured and marketed commercially. It is not to protect principles of operation or invention which, if profitable at all, ought to be made the subject-matter of a patent. Nor is it to prevent the copying of the direct product of original artistic effort in producing a drawing. Indeed the whole purpose of a design is that it shall not stand on its own as an artistic work but shall be copied by embodiment in a commercially produced artifact. Thus the primary concern, is what the finished article is to look like and not with what it does and the monopoly provided for the proprietor is effected by according not, as in the case of ordinary copyright, a right to prevent direct reproduction of the image registered as the design but the right, over a much more limited period, to prevent the manufacture and sale of article of a design not substantially different from the registered design. The emphasis therefore is upon the visual image conveyed by the manufactured article. "

22. The most elaborate discussion on the subject is found in *Microfibres* RFA239/11, 240/11 & 241/11 Page 18 (supra) where the Division Bench observed as follows:

"23. There is, therefore, a clear distinction between an original artistic work, and the design derived from it for industrial application on an article. This position is clarified by the use of the expression "only" before the words "the features of shape, configuration, pattern, ornament or composition of lines or colours" in the definition of "design" in the Designs Act. Therefore, the original artistic work, which may have inspired the creation of a design, is not merely the feature of shape, configuration, pattern, ornament or composition of lines or colours which are created to apply to an article by an industrial process. The original artistic work is something different from the design. Secondly, the definition of "design" expressly excludes, inter alia, any artistic work defined in section 2(c) of the Copyright act, 1957.

24. It needs to be emphasized that it is not necessary that in every case a design has to be preceded by an artistic work upon which it is founded. A craftsman may create a design without first creating a basic artistic work. This may best be illustrated by a weaver who may straightaway create a design while weaving a shawl, which product could be created even without the basic artistic work.

25. Whether or not a design is preceded by an original artistic work, a design would, in its own right qualify to be termed as an artistic work within the meaning of Section 2(c) of the Copyright Act. This is so because the expression "artistic work" as defined in Section 2(c) of the Copyright Act bears a wide definition to mean a painting, a sculpture, a drawing (including a diagram, map, chart or plan), an engraving or a photograph, whether or not any such work possesses artistic quality. However, the design may or may not enjoy a copyright protection under the Copyright Act, depending on whether it is an "original artistic work" or not.

26. The expression "copyright in any design" used in Section 15(2) means the copyright as understood under the Copyright Act, and not under the Designs Act. This is evident from the RFA239/11, 240/11 & 241/11 Page 19 expression "copyright shall not subsist under this Act" used in sub-section (1) of Section 15. However, copyright in an artistic work subsists provided it is an original artistic work. Therefore, there can be no claim for Copyright under the Copyright Act in an artistic work which does not have the quality of possessing originality. The holder of a copy of an original artistic work cannot claim copyright protection. Therefore, to be entitled to protection under the Copyright Act, the design should have originality. That is not to say that if the design is not entitled to copyright protection under the Copyright Act, on account of it not possessing originality vis-à-vis the original artistic work, the design does not require, or cannot be granted registration under the Designs Act for it to be entitled to protection under the Designs Act.

27. Under the Designs Act, a copyright has a different connotation from a copyright under the Copyright Act. Under the Designs Act, copyright means the exclusive right to apply the design to any article in any class in which the design is registered.

28. The issue with regard to the extent of, and the conditions for the copyright protection to such an artistic work, as an artistic work under the Copyright Act, which is a design registered or capable of registration under the Designs Act, is what is dealt with, by section 15 of the Copyright Act. Once the distinction between the original artistic work and the design derived from it, and the distinction between Copyright in an original artistic work under the Copyright Act, and a copyright in a design

under the Designs Act is appreciated, the meaning and purport of section 15 of the Copyright Act becomes clear.

29. Section 15 of the Copyright Act is in two parts. The first part i.e. sub- section (1) states that copyright shall not subsist under the Copyright Act in any design which is registered under the Designs Act. Consequently once the design is created and got registered under the Designs Act, whether or not the design is eventually applied to an article by an industrial process, the design loses its protection as an artistic work under RFA239/11, 240/11 & 241/11 Page 20 the Copyright Act. Therefore, subject to whatever rights that are available under the Designs Act, the registered design holder cannot claim protection or complain of copyright infringement in respect of the registered Design under the Copyright Act.

30. Subsection (2) of section 15 deals with the situation where the design, which is capable of being registered under the Designs Act, is not so registered. It provides that copyright in such a design shall cease as soon as any article to which the design has been applied has been reproduced more than 50 times by an industrial process by the owner of the copyright or with his licence, by any other person. It is clear to us that the Parliament in Section 15 of the Copyright Act was dealing with the aspect of copyright in a registered/registrable design, as understood in the Copyright Act and not the Designs Act. Else, there was no need to deal with this aspect in the Copyright Act. The same would have been dealt with under the Designs Act. Therefore, the law tolerates only a limited industrial, or shall we say commercial, exploitation of the original artistic work by the application/reproduction of the said work in any other form or reproduction of copies thereof in exercise of the rights under Section 14(c)(1) and 14(c)(iii) of the Copyright Act. Beyond the specified limit, if the design derived from the original artistic work is exploited (i.e. if the design is applied more than 50 times by an industrial process on an article) the copyright in the design ceases unless it is registered under the Designs Act...

\*\*\*\*\* We do hold that in the original work of art, copyright would exist and the author/holder would continue enjoying the longer protection granted under the Copyright Act in respect of the original artistic work. Thus, for instance a famous painting will continue to enjoy the protection available to an artistic work under the Copyright Act. A design created from such a painting for the purpose of industrial application on an article so as to produce an article which has features of shape, or configuration or pattern or ornament or composition of lines or colours and which appeals to the eye would also be entitled design protection RFA239/11, 240/11 & 241/11 Page 21 in terms of the provisions of the Designs Act. Therefore, if the design is registered under the Designs Act, the Design would lose its copyright protection under the Copyright Act but not the original painting. If it is a design registrable under the Designs Act but has not so been registered, the Design would continue to enjoy copyright protection under the Act so long as the threshold limit of its application on an article by an industrial process for more than 50 times is reached. But once that limit is crossed, it would lose its copyright protection under the Copyright Act. This interpretation, in our view, would harmonize the Copyright and the Designs Act in accordance with the legislative intent.

46. We thus summarize our findings as follows: -

- a. The definition of 'artistic work' has a very wide connotation as it is not circumscribed by any limitation of the work possessing any artistic quality. Even an abstract work, such as a few lines or curves arbitrarily drawn would qualify as an artistic work. It may be two dimensional or three dimensional. The artistic work may or may not have visual appeal.
- b. The rights to which a holder of an original artistic work is entitled are enumerated in Section 14(c) of the Copyright act.
- c. It is the exclusive right of the holder of a Copyright in an original artistic work to reproduce the work in any material form. For example, a drawing of an imaginary futuristic automobile, which is an original artistic work, may be reproduced in the three-dimensional material form using an element, such as a metal sheet.
- d. The design protection in case of registered works under the Designs Act cannot be extended to include the copyright protection to the works which were industrially produced.
- e. A perusal of the Copyright Act and the Designs Act and indeed the Preamble and the Statement of Objects and Reasons of the Designs Act makes it clear that the legislative intent was to grant a higher protection to pure original artistic works such as RFA239/11, 240/11 & 241/11 Page 22 paintings, sculptures etc and lesser protection to design activity which is commercial in nature. The legislative intent is, thus, clear that the protection accorded to a work which is commercial in nature is lesser than and not to be equated with the protection granted to a work of pure art.
- f. The original paintings/artistic works which may be used to industrially produce the designed article would continue to fall within the meaning of the artistic work defined under Section 2(c) of the Copyright Act, 1957 and would be entitled to the full period of copyright protection as evident from the definition of the design under Section 2(d) of the Designs Act. However, the intention of producing the artistic work is not relevant. g. This is precisely why the legislature not only limited the protection by mandating that the copyright shall cease under the Copyright Act in a registered design but in addition, also deprived copyright protection to designs capable of being registered under the Designs Act, but not so registered, as soon as the concerned design had been applied more than 50 times by industrial process by the owner of the copyright or his licensee. h. In the original work of art, copyright would exist and the author/holder would continue enjoying the longer protection granted under the Copyright Act in respect of the original artistic work per se.
- i. If the design is registered under the Designs Act, the Design would lose its copyright protection under the Copyright Act. If it is a design registrable under the Designs Act but has not so been registered, the Design would continue to enjoy copyright protection under the Act so long as the threshold limit of its application on

an article by an industrial process for more than 50 times is reached. But once that limit is crossed, it would lose its copyright protection under the Copyright Act. This interpretation would harmonize the Copyright and the Designs Act in accordance with the legislative intent."

23. It is thus clear that a work of art may answer to the description of subject matter, capable of both design and copyright protection. However, copyright in such a work of art can only subsist if it has (i) not been RFA239/11, 240/11 & 241/11 Page 23 registered as a design or (ii) while answering to the description of a registerable design, it has not been registered as such and not been applied to article which has been reproduced more than fifty times by an industrial process by the owner, licensee, or any other person. In other words, the copyright in the work can continue to survive independent of the work's mere fitness for design protection. In the present case, the subject work is a label. According to the respondent it is an artistic work. However, that it answers the description above is sought to be supported by the classification of various products and articles in the third schedule to the Design Rules.

Now, there is no express indication in the rule that a label fixed or printed on a container, or a container or package on which a label amounting to an artistic work is printed becomes capable of registration. In any case, the statutory definition of designs excludes "artistic work" and labels used as trademarks. This aspect - that labels cannot be "designs" and are artistic works for copyright purpose and also entitled to trademark protection- has been held in at least three decisions of various High Courts - Andhra Pradesh, Bombay and this Court. *M/s. Ampro Food Products v. M/s. Ashoka Biscuit Works and Ors.* AIR 1973 A.P 17 for instance, has this to say:

"4.... It should be remembered that a trade mark is different from design. A design is necessarily part and parcel of the article manufactured while a trade mark is not necessarily so. In fact, the definition of " design" in Section 2 (5) of the Designs Act expressly states that it does not include any trade mark as defined in Section 2 (1) (v) of the Trade and Merchandise Marks Act, 1958. That is why the certificate of registration of the design contains a note which recites " the novelty in the design resides in the ornamental source pattern which appears only on the side of the biscuit as illustrated. No claim is made by virtue of this registration to any right to the use as a trade mark of what is RFA239/11, 240/11 & 241/11 Page 24 shown in the representations or to the exclusive use of the letters appearing in the design".

In *Hindustan Lever Limited v. Nirma Private Limited* AIR 1992 Bom 195 the Bombay High Court similarly ruled as follows:

"27. The learned counsel for the defendant has contended that in spite of notices served on the Advocates for the plaintiff, the plaintiff has been unable to produce the contracts of employment between the plaintiff and the artist Mr. B. G. Naik and it should, therefore, be taken that the plaintiff is not the owner of the Copyright in the

artistic work evidenced by certificate (Exs. Y-1 and Y-2 to the plaint). It is not possible to accept this submission in view of the strong prima facie presumption attached to the said certificates under Section 48 of the Copyright Act. The certificate at Exhibit 'Y-1' states that the label attached thereto was first published by Hindustan Lever Limited in 1976. The said certificate clearly describes Hindustan Lever Limited as the owner of the copyright. Similar is the case in respect of the artistic work (Exhibit 'Y-2' to the plaint). I have no doubt in my mind that the plaintiff has paid the necessary consideration to the artist Mr. B.C. Naik through M/s. Lintas Ltd. and the plaintiff is entitled to all the copyrights in respect of the labels since long. It was contended by the learned counsel for the defendant that the said label is a design which was capable of being registered under the Designs Act, 1911 and the copyright attached to the said labels, if any, has ceased to be operative by virtue of the provisions contained in Section 15(2) of the Copyright Act, 1957. With respect to the learned counsel, I find no merit whatsoever in this contention. The expression 'design' has been defined in Section 2(5) of the Designs Act, 1911. The said expression has been authoritatively interpreted in various judgments, of various High Courts. To give an illustration, one may usefully refer to the judgment of Chinnappa Reddy, J. in the case of A. F. Products v. A. B. Works, AIR 1973 Andh Prad 17. It was held in this case that a design is necessarily part and parcel of the article manufactured while a trade mark is necessarily not so. Thus the label to be put on a carton to be used as a container for the RFA239/11, 240/11 & 241/11 Page 25 goods can never amount to design within the meaning of Section 2(5) of the Designs Act. Section 15(2) of the Copyright Act, 1957 has no application to this case. No such contention is raised in any of the affidavits filed on behalf of the defendant."

William Grant & Sons Ltd. v. McDowell & Co. Ltd. 1994 FSR 690 is the decision of this Court, on the issue of a label's inherent design protection capability. It was held that:

"It has to be kept in mind that the provisions of the Trade & Merchandise Marks Act, particularly section 2(j), do not include "wrapper" as a mark, whereas a "label" is included as a mark. I have already indicated that the two are quite distinct, and have stated the reasons why I think they are quite distinct. The aforesaid observations regarding a "wrapper" being a mark, indicate that there may be a difference between the English statute and the Indian statute regarding trade marks. Whereas the English statute may have included "wrapper" as part of the definition of a trademark, the Indian Statute has excluded "wrapper". For this reason, this authority may not be applicable to cases which arise in India.

In my view, when a manufacturer skillfully blends factual information with features on the label which are intended to distinguish his own product from the products of other manufacturers, and, the blending of the factual information and their distinguishing features is achieved in a manner which combines the aforesaid particulars and features as a unified whole, or a representation, then such a representation is a label, which, depending upon the manner in which the various

features are harmonised with each other, may give rise to a claim that the label is "artistically" made. Actually being so, it is thus, by itself copyrightable matter.

XXXXXX XXXXXX XXXXXX The Trade & Merchandise Marks Act, 1958 deals with trade marks. According to Section 2(j) of the Act, "mark" includes a device, brand, heading, LABEL, ticket, name, signature, word, RFA239/11, 240/11 & 241/11 Page 26 letter or numeral or any combination thereof. Section 2(2) of the Act states, "unless the context otherwise requires, any reference

- (a) to the use of a mark shall be construed as a reference to the use of a printed or other visual representation of the mark." Reading Sections 2(j) and 2(2) together, it is clear that printed material such as the plaintiff's label is a mark. This being the position, the same cannot be treated as a "design". The label cannot be a design also for the reason that in the Designs Act 1911, section 2(5) defines "design" as follows:<sup>714</sup> "design"

means only the features of shape, configuration, pattern or ornament applied to any article by any industrial process, or means, whether manual, mechanical or chemical, separate or combined, which in the finished article appeal to and are judged solely by the eye; but does not include any mode or principle of construction or anything which is in substance a mere mechanical device, and does not include any trade mark as defined in clause (v) of subsection (1) of Section 2 of the Trade and Merchandise Marks Act, 1958; or property mark as defined in Section 479 of the Indian Penal Code.

This discussion, in the opinion of the court, can be concluded from a relevant extract of the decision in *Interlego A.G. v Tyco Industries* 1988 (3) All ER 749 "It is not to protect principles of operation or inventions which, if protected at all, ought to be made the subject-matter of a patent. Nor is it to prevent the copying of the direct product of original artistic effort in producing a drawing. Indeed the whole purpose of a design is that it shall not stand on its own as an artistic work but shall be copied by embodiment in a commercially produced artefact. Thus the primary concern is what the finished article is to look like and not with what it does and the monopoly provided for the proprietor is effected by according not, as in the case of ordinary copyright, a right to prevent direct reproduction of the image registered as the design but the right, over a much more limited period, to prevent the manufacture and sale of articles of a design not substantially different from the registered design."

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24. For a better appreciation of the facts of this case, it would be useful to reproduce two images of the label - the first image, i.e. the label on the package, as it exists with the product (insect repellent) inside it and the second (on the right side) after the package is opened and unraveled.

25. The label is clearly both a trademark, as it indicates the brand and the origin (i.e. the manufacturer or producer) as well as a copyright, as it contains a combination of colours and



stylized lettering, set in red colour, with the image of a cockroach. The expression "LAXMAN REKHA" and the other one, "KRAZY LINES" are at least in combination with the colour scheme and get up, trade-marks; hence they are labels and clearly excluded from the definition of "designs". Furthermore, the respondent nowhere asserts that there are novel or new elements in the shape or configuration of the packaging which deserve design protection. By virtue of Section 4 (c) design registration is refused if the work is "not significantly distinguishable from known designs or combination of known designs..." It is not shown how the packaging or label upon it, in this case is so unique or novel as to RFA239/11, 240/11 & 241/11 Page 28 distinguish it from known designs. The object of the Designs Act is to confer protection to novel and unique designs. If every object based upon some drawing were afforded design registration, soon, objects of common utility-vessels, containers, furniture items, etc. could not be replicated. Therefore, it is held that apart from the fact that the work in the present case was copyrighted as an artistic work and thus stood excluded from the definition of design- as well as the fact that it was a trademark label, it is also held that it cannot also qualify for design registration- the sole condition for operation of Section 15 (2). The respondent had urged that the artistic work does not qualify for registration because it is not original or creative. However, there is no discussion on the issue by the Board.

26. This Court is conscious that product packaging can potentially to do much more than its primary function--it can speak to consumers. Along with functional features, such as automatic strength and user friendliness, packaging design features convey a visual message resulting in consumer recognition, or secondary meaning, for the product and its source. This unspoken message of package design, essentially a promotion of the trade dress of the package, may become a significant asset for market entrenchment and product valuation. Instances of some such product packaging synonymous with the article itself are TOBLERONE chocolate packaging; certain liquor bottle containers and packages; chocolate and cheese wrappers, etc. However, there exist distinct design elements, which inherently qualify for protection. There is complete absence of any such novel design element in the appellant's package/labels, which would compel a design registration.

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27. This court notices that the Copyright Board, in its impugned order, noticed the question of lack of the applicant/respondent's locus standi.

However, it did not deal with it. This issue is relevant because Section 50 is premised upon a person aggrieved moving the Board for cancellation of copyright. The said expression "person aggrieved" is synonymous with the expression locus standi. Shri Ganga Vishnu Raheja vs Shri Swami Satyanand Dharmarth 2005 (30) PTC 577 (Del) is authority for the proposition that there should be some semblance of locus standi for someone to validly maintain a proceeding under Section 50 of the Copyright Act. Likewise, the Board noticed, but wholly failed to consider the submission of the appellant that the application for cancellation or striking off registration of the copyright (made by the respondent) was time barred or hit by delay and laches.

28. In view of the above discussion the finding of the Board that the appellant's copyright registrations have to be cancelled or cannot stand, because they are capable of design registration

and consequently covered by Section 15 (2) of the Copyright Act, are set aside. However, in view of the Board not returning any finding as to whether the work could qualify for protection as an artistic work, in the sense that it had the requisite element of originality, as well as whether the application was maintainable on account of the respondent's being a person aggrieved - as also the question of limitation, and laches, the matter is remitted to the Board for fresh hearing of the parties, and findings. The Copyright Board too did not deal with other grounds urged in the application. The appeal is, therefore allowed to the extent indicated above- all findings with respect to application of Section 15 RFA239/11, 240/11 & 241/11 Page 30 (2) of the Copyright Act are set aside. This court has not rendered any findings on the merits of any other contention. On such other issues, the Board shall hear the parties and render fresh findings, in accordance with law.

S. RAVINDRA BHAT (JUDGE) VIPIN SANGHI (JUDGE) NOVEMBER 4, 2015 RFA239/11, 240/11 & 241/11 Page 31