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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

+ **RFA(OS)(COMM) 22/2019 & CM APP No. 22655/2019 (stay)**

M/S CROCS INC USA..... Appellant
Through: Mr. Akhil Sibal, Sr.Adv. with
Mr.S.K. Bansal, Mr.Ajay Amitabh
Suman, Mr.Nikhil Chawla and
Ms.Shriya Misra, Advocates

versus

M/S BATA INDIA & ORS..... Respondents
Through: Mr.Neeraj Grover, Mr.Anushka Arora
and Mr.Vasui Tarpriya, Advocates

+ **RFA(OS)(COMM) 23/2019 & CM APP No. 22660/2019 (stay)**

M/S CROCS INC USA..... Appellant
Through: Mr. Akhil Sibal, Sr.Adv. with
Mr.S.K. Bansal, Mr.Ajay Amitabh
Suman, Mr.Nikhil Chawla and
Ms.Shriya Misra, Advocates

versus

M/S LIBERTY SHOES LTD & ORS Respondents
Through: Mr.Jayant Mehta, Mr.Kapil Wadhwa,
Ms.Devyani Nath and Ms.Deepika
Pokharia, Advocates

+ **RFA(OS)(COMM) 24/2019 & CM APP No. 22664/2019 (stay)**

M/S CROCS INC USA..... Appellant
Through Mr. Akhil Sibal, Sr.Adv. with
Mr.S.K. Bansal, Mr.Ajay Amitabh
Suman, Mr.Nikhil Chawla and
Ms.Shriya Misra, Advocates

versus

AQUALITE INDIA LIMITED & ANR Respondents
Through: Mr.Peeyoosh Kalra with Mr.Rohan
Seth, Advocates

+ **RFA(OS)(COMM) 25/2019 & CM APP No. 22667/2019 (stay)**

M/S CROCS INC USA..... Appellant
Through: Mr. Akhil Sibal, Sr.Adv. with
Mr.S.K. Bansal, Mr.Ajay Amitabh
Suman, Mr.Nikhil Chawla and
Ms.Shriya Misra, Advocates

versus

M/S BIOWORLD MERCHANDISING INDIA LTD & ANR
..... Respondents
Through: Mr.Anil Dutt, Ms.V.S. Mani and Ms.
Sutapa Jana, Advocates for
Respondent No.1

+ **RFA(OS)(COMM) 26/2019 & CM APP No. 22670/2019 (stay)**

M/S CROCS INC USA..... Appellant
Through: Mr. Akhil Sibal, Sr.Adv. with
Mr.S.K. Bansal, Mr.Ajay Amitabh
Suman, Mr.Nikhil Chawla and
Ms.Shriya Misra, Advocates

versus

M/S RELAXO FOOTWEAR LTD Respondent
Through: Mr.M.K. Miglani with Mr.Anand Raj,
Advocates

+ **RFA(OS)(COMM) 27/2019 & CM APP No. 22674/2019 (stay)**

M/S CROCS INC USA..... Appellant
Through: Mr. Akhil Sibal, Sr.Adv. with
Mr.S.K. Bansal, Mr.Ajay Amitabh
Suman, Mr.Nikhil Chawla and
Ms.Shriya Misra, Advocates
versus

M/S ACTION SHOES PVT LTD & ORS..... Respondents
Through: Mr.Kapil Wadhwa, Ms.Devyani Nath
and Ms.Deepika Pokharia, Advocates

CORAM:
JUSTICE S.MURALIDHAR
JUSTICE ASHA MENON

ORDER
% **29.05.2019**

CM Appl.Nos. 22655/2019, 22660/2019, 22664/2019, 22667/2019, 22670/2019 & 22674/2019 (stay)

1. The six appeals in which these applications for interim relief have been filed, are directed against the common impugned order dated 18th February 2019 passed by the learned Single Judge whereby the six suits filed by the Appellant/Plaintiff against the respective Respondents/Defendants for passing off have been dismissed as not maintainable. The appeals, which raise a common question of law, were admitted by this Court by the order dated 13th May 2019. On the same day notice was issued in these applications returnable today.

2. The six suits dismissed by the impugned judgment dated 18th February

2019 of the learned Single Judge (the name of the respective Defendant is indicated in brackets) are: CS (COMM) Nos. 903/2018 (Aqualite), 905/2016 (Action), 906/2016 (Bioworld), 1415/2016 (Liberty), 569/2017 (Bata) and 571/2017 (Relaxo). For the sake of convenience, hereafter in this order, the Appellant is referred to as the Plaintiff and each of the Respondents as Defendants.

3. The aforementioned suits, collectively referred to as Shape Trademark Suits (STSs), pertained to the Plaintiff's rights in the „Crocs Design Footwear“ as a trademark/trade dress. In each of the said STSs, the relief sought was for a permanent injunction to restrain the Defendants from passing off their footwear as that of the Plaintiff under the trademark „CROCS“ by adopting and copying the shape trademark and trade dress of the Plaintiff and for ancillary reliefs. In each of the STSs a separate application was filed for interim relief under Order XXXIX Rules 1 & 2 of the Code of Civil Procedure, 1908 (CPC).

4. The Plaintiff also filed six other suits against the same Defendants for infringement of its registered design [hereafter referred to as Design Infringement Suits (DISs)] along with another suit CS (Comm) No.53 of 2018 („Kidz“). This was on the basis of the proprietary right claim by the Plaintiff with respect to the unique CROCS design in relation to footwear for which it had obtained design Registration Nos.197685 and 197686 both dated 28th May 2004, renewed upto 28th May, 2019.

5. According to the Appellant, in view of the judgment of the Full Bench

(FB) of this High Court in *Mohan Lal v. Sona Paint & Hardwares (2013) 55 PTC 61 (Del)(FB)* (hereafter „*Mohan Lal*“) holding that a composite suit for infringement of a registered design as well as for passing off *qua* the design as a shape trademark was not maintainable, the aforementioned two sets of suits were filed. The 7 DISs and the 6 STSs were being heard together by the learned Single Judge.

6. Initially, by a common order dated 8th February, 2018 the learned Single Judge dismissed the Plaintiff’s applications for interim injunction in the DISs while adjourning similar applications in two of the STSs for arguments. The appeals filed by the Plaintiff against the aforementioned order dated 8th February 2018 were dismissed by the Division Bench (DB) of this Court by a judgment dated 24th January, 2019. While dismissing the appeals, the DB directed that the DISs and the STSs should be listed and heard together by the learned Single Judge. The DB further directed that: “The Defendants' contentions in respect of the ad-interim injunctions - and whether they are to be confirmed during pendency of shape trademark/passing off suits of the plaintiff as well as plaintiffs arguments for interim injunction in the passing off claim (in the composite suits) shall be taken up together and decided, by the Single Judge.”

7. The STSs along with the applications for interim injunction were thereafter again listed before the learned Single Judge. By the impugned order dated 18th February 2019, the learned Single Judge dismissed the STSs holding them to be not maintainable. The learned Single Judge reached that conclusion on a reading of the judgment of the FB in *Mohan Lal* and the

subsequent judgment of the Five Judges Bench (FJB) of this Court in *Carlsberg Breweries v. Som Distilleries 256 (2019) DLT 1* (hereafter *Carlsberg*). According to the learned Single Judge, the passing off pleaded in the plaint was on the basis of use by the Defendants of what was registered by the Plaintiff as a design and in terms of the aforementioned two decisions such a plea was “not permissible in law”. Since the suits themselves were held to be not maintainable, the learned Single Judge was of the view that there was no need to deal with the prayer for interim injunction.

8. Mr. Akhil Sibal, learned Senior counsel for the Plaintiff, at the outset, clarified that the Plaintiff was at this stage seeking a limited interim relief to the effect that during the pendency of these appeals, the impugned judgment of the learned Single Judge would not constitute a precedent so as to prevent the Plaintiff from filing similar STSs against parties (other than the Defendants herein).

9. The short question that, therefore, arises for consideration in the present applications, is whether the Plaintiff has a *prima facie* case in its favour to seek the above interim relief; whether the balance of convenience is in favour of the Plaintiff and whether the Plaintiff would suffer irreparable hardship if such interim relief were to be refused?

10. Mr. Sibal contended that the learned Single Judge erred in holding that the majority view in *Mohan Lal* as modified by the judgment of the FJB in *Carlsberg* was that no passing off action would lie in respect of a registered

design used as a trademark. He submitted that the learned Single Judge has in effect adopted the view of the minority in *Mohan Lal* when in fact even in light of the judgment of the FJB in *Carlsberg* it is the majority view of the FB in *Mohan Lal* that prevails as far as this aspect is concerned.

11. On the other hand, Mr. Jayant Mehta, learned counsel appearing for the Defendants, submitted that the learned Single Judge correctly understood the aforementioned judgments and no error has been committed in holding that the passing off suits themselves were not maintainable.

12. In order to appreciate the above submissions a reference may be made first to the view of the majority of the FB in *Mohan Lal*. The three issues on which the FB deliberated in *Mohan Lal* were:

I. Whether the suit for infringement of registered Design is maintainable against another registered proprietor of the design under the Designs Act, 2000?

II. Whether there can be an availability of remedy of passing off in absence of express saving or preservation of the common law by the Designs Act, 2000 and more so when the rights and remedies under the Act are statutory in nature?

III. Whether the conception of passing off as available under the Trade Marks can be joined with the action under the Designs Act when the same is mutually inconsistent with that of remedy under the Designs Act, 2000?

13. For the purposes of the present applications, Issue II above is alone relevant. On Issue II, the majority of two learned Judges in the FB in *Mohan Lal* held as under:

(i) A design includes a shape of configuration as is evident from the definition of „design“ under Section 2 (d) of the Designs Act, 2000 (DA).

(ii) A design can be used as a trademark and if by virtue of its use, goodwill is generated in the course of trade of business, it can be protected by an action in the nature of passing off.

(iii) While the Trade Marks Act, 1999 (TMA) confers certain statutory rights qua registered trademark, it does not deprive a user of an unregistered trademark the right to protect the misuse of his mark by a Defendant who is in possession of a registered trademark.

(iv) Therefore, in so far as a design, which is registered under the DA is concerned, it may not have the statutory rights, which a registered trade mark has, under the TMA. However, the registrant of the design “would certainly have the right to take remedial steps to correct a wrong committed by a defendant by instituting a passing off action.” If such an action was instituted “the plaintiff would have to demonstrate that the registered design was used by him as a trade mark which, in the minds of the purchasing public is associated with his goods or services which, have acquired goodwill/reputation which is worth protecting.”

(v) Such a passing off action would be based on a plea that “the design, which is an unregistered mark, was being used by the plaintiff for the purposes of business; and that the plaintiffs goods and/or services had

acquired a reputation and/or goodwill, which were identified in the minds of the consumers, by associating the design / the mark, with the goods and / or services.”

(vi) In other words, the plea would be that “the design which was being used as a mark identified the plaintiff, as the source of the goods supplied or services offered.”

(vii) “Therefore, having regard to the definition of a design under Section 2(d) of the Designs Act, it may not be possible to register simultaneously the same mater as a design and a trade mark. However, post registration under Section 11 of the Designs Act, there can be no limitation on its use as a trademark by the registrant of the design. The reason being: the use of a registered design as a trade mark, is not provided as a ground for its cancellation under Section 19 of the Designs Act.”

14. The majority in *Mohan Lal* then proceeded to consider Issue III viz., whether a composite suit can be filed for infringement of a registered design along with an action for passing off and answered this question in the negative. However, it was held that if two separate suits are filed for the two reliefs, the Court could try the two suits together.

15. Finally while answering Issue II, in summary, the majority in *Mohan Lal* held that a “holder of a registered design can institute an action for passing off.”

16. The minority view of Manmohan Singh J. in *Mohan Lal* was that:

“134. (b) The remedy of passing off in so far as it relates to claim of protection for shape of articles is not available for the purposes of enforcement of rights and remedies under the Design Act. The said remedy is clearly absent under the Designs Act considering the avowed objective of the Act of 2000 which is to provide limited protection with no unnecessary extension.

(c) The remedy of passing off in so far as it relates to claim of protection for shape of articles cannot be joined with the suit for infringement of the registered Design. The said remedy of passing off is available in alternative to the statutory protection conferred by the Design Right. For the purposes of the same, the suitor has to elect between the two inconsistent rights and remedies having distinct objects and policies.”

17. Under the sub-heading „Additional legal points determined“ Manmohan Singh, J. Further held as under:

(a) Notwithstanding the above said conclusion in (b) and (c), the remedy of passing off would continue to be available along with the infringement of registered designs and can be joined with the same in order to prevent consumer confusion which may be caused by the use of trade mark, get up, trade dress or in any other manner excepting the shape of the goods which is or was forming the subject matter of the registration of the Design.

(b) The remedy of the passing off in so far as the shape of the article is concerned shall also be available even during currency of the design monopoly or even after the expiry of same to the extent that the claim of the feature of the shape is not covered within the novelty claim under the Design monopoly rights and the said claim of the protection qualifies all the necessary ingredients of the Trade Mark.

(c) A remedy of passing off in so far as the shape of the article is concerned shall not be available even after the expiry of the Design to the extent the said feature of the shape of the article is covered within

the novelty claim as made under the Design Right as after expiration of the Design, the novel shape claimed under the Design Act goes in public domain.”

18. Only one of the issues considered by the FB in *Mohan Lal* viz., Issue III constituted the subject matter of the reference before the FJB in *Carlsberg*. The said issue was whether a composite suit in relation to infringement of a registered design and for passing off was maintainable? In other words, Issue II, viz., whether a passing off action was maintainable along with an action for infringement of a registered design was not referred to and was, therefore, not before the FJB in *Carlsberg*.

19. The above Issue III was answered by the FJB in *Carlsberg* in the affirmative by holding that “a composite suit that joins two causes of action - one for infringement of a registered design and the other for passing off, of the plaintiffs goods - is maintainable.” Therefore, as far as the ratio of the judgment in *Carlsberg* is concerned, it was simply that there could be one composite suit to combine the two causes of action: design infringement and passing off.

20. However, in the leading judgment of the FJB, authored by S. Ravindra Bhat, J., in the course of reasoning leading to the above conclusion, a reference was made to an aspect on which it was thought that the majority of the FB in *Mohan Lal* was „inaccurate“. In paras 43 and 44 of the judgment of Bhat, J. in *Carlsberg* it was observed as under:

“43. This court is also of the opinion that the Full Bench ruling in *Mohan Lal* (*supra*) made an observation, which is inaccurate: it

firstly correctly noted that registration as a design is not possible, of a trade mark; it, however later noted that “post registration under Section 11 of the Designs Act, there can be no limitation on its use as a trademark by the registrant of the design. The reason being: the use of a registered design as a trade mark, is not provided as a ground for its cancellation under Section 19 of the Designs Act.” This observation ignores that the Designs Act, Section 19 (e) specifically exposes a registered design to cancellation when “(e) it is not a design as defined under clause (d) of section 2.” The reason for this is that Section 2 of the Designs Act, defines “design” as “...the features of shape, configuration, pattern, ornament or composition of lines or colours applied to any article.....; but 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.....” Therefore, if the registered design per se is used as a trade mark, it apparently can be cancelled. The larger legal formulation in Mohan Lal (supra), that a passing off action i.e. one which is not limited or restricted to trademark use alone, but the overall get up or "trade dress" however, is correct; as long as the elements of the design are not used as a trademark, but a larger trade dress get up, presentation of the product through its packaging and so on, given that a “passing off” claim can include but is also broader than infringement of a trademark, the cause of action against such use lies. (emphasis in original)

44. It is evident that there is a similarity between the nature of inferences and conclusions that are presented to the court, in the two causes of action. Significantly, the complaint of passing off as well as that of design infringement emanate from the same fact: sale or offer for sale, by the defendant of the rival product. In this context, it is relevant to notice that the expression "cause of action" was explained in this incisive manner in *Kusum Ingots & Alloys v Union of India 2004 (6) SCC 254* as:

"every fact which would be necessary for the plaintiff to prove, if traversed, in order to support his right to the judgment of the Court. Negatively put, it would mean that everything which, if not proved, gives the defendant an

immediate right to judgment, would be part of cause of action."

21. There were extensive arguments before this Court, as it was before the learned Single Judge, on whether the FJB had in making the above observations in ***Carlsberg*** held that a passing off action is not maintainable in relation to the use of a registered design as a trademark but only in relation to its use as „a larger trade dress, get up, presentation of the products through its packaging" and so on.

22. It must in the first instance be noted that the above discussion in ***Carlsberg*** was only in the context of whether a composite cause of action can be „split in some manner" and presented as different suits considering that the basic facts which compelled the Plaintiff to approach the Court complaining of design infringement "are the same as in the case of passing off". As the discussion in paragraphs earlier to and subsequent to the above extracted paragraph of the opinion of Bhat, J. would show, the above observations were only in this limited context and for reaching the conclusion that it was not necessary to file two separate suits and that there could be one composite suit claiming both reliefs.

23. Secondly, the sentence in para 43 of the judgment of Bhat, J. that "the larger legal formulation in ***Mohan Lal*** that a passing off action i.e. one which is not limited or restricted to trademark use alone, but the overall get up or trade dress however, is correct" appears *prima facie* to place the issue beyond doubt that the FJB in ***Carlsberg*** upheld the view of the majority of

the FB in *Mohan Lal* that a passing off action was indeed maintainable in respect of a registered design used as a trademark. To this Court it appears *prima facie* on a reading of the above para 43, together with the preceding and succeeding para, as a whole that the only qualification in *Carlsberg* was that if such registered design was used as a trademark then it can lead to the cancellation of the registration of such design. The words “as long as the elements of the design are not used as a trademark but a larger trade dress get up, presentation of the products through its packaging and so on” has to be seen in the context of the discussion preceding it which turns on what can be registered as a design and what cannot. Importantly, the FJB does not explicitly or impliedly overrule the FB in *Mohan Lal* as regards the answer to Issue II and rightly so since the FJB in *Carlsberg* was concerned only with Issue III (whether a composite suit for design infringement and passing off was maintainable).

24. However, the learned Single Judge has in the impugned order understood the above observations in para 43 of the judgment of Bhat J. as leading to the position that the majority in *Mohan Lal* did not recognise the protectability of a registered design when used as a trademark. *Prima facie* this understanding by the learned Single Judge in the impugned judgment of what the majority in *Mohan Lal* held and what Bhat J. as part of the FJB in *Carlsberg* observed does not appear to this Court to be correct. There is *prima facie* merit in the contention on behalf of the Plaintiff that the impugned order of the learned Single Judge unwittingly reiterates the minority view in *Mohan Lal* which by no means was, even impliedly, affirmed by the FJB in *Carlsberg*.

25. For the above reasons, this Court is of the view that the Plaintiff has made out a *prima facie* case for grant of the limited interim relief as prayed for. Such interim relief would in no way prejudice the present Defendants since the STSs against them are not being revived for the present and no similar STSs against any of them is permitted to be filed by the present Plaintiff during the pendency of the present appeals. The balance of convenience is, therefore, in favour of the Plaintiff. Further, the impugned order if not made inapplicable to pending and proposed suits of the Plaintiff against other parties, would cause undue hardship to the Plaintiff as the *in limine* dismissal of such suits as non-maintainable would be imminent.

26. For the aforementioned reasons, which are *prima facie*, this Court directs that during the pendency of these appeals, the impugned judgment of the learned Single Judge will not constitute a precedent to bar other STSs of the Plaintiff, whether pending or to be filed against parties (other than the Respondents/Defendants in these appeals) seeking the relief of restraint of passing off *qua* its registered design used as a trademark/trade dress, get up, presentation of the products through its packaging, and so on. In other words, the maintainability of such STSs, if an issue arises in that regard, would be decided independent of the impugned judgment of the learned Single Judge which is under challenge in the present appeals.

27. The applications are disposed of in the above terms.

REA (OS) (COMM) No. 22/2019, 23/2019, 24/2019, 25/2019, 26/2019 & 27/2019

28. List for final hearing on 17th October, 2019. Both parties shall file within eight weeks their respective compilation of documents forming part of the suit record along with their written arguments.

S. MURALIDHAR, J.

ASHA MENON, J.

MAY 29, 2019

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