

DELHI HIGH COURT ALLOWS COMPOSITE SUIT FOR DESIGN INFRINGEMENT AND PASSING OFF

1. INTRODUCTION

Earlier this month, a five-judge bench of the Delhi High Court (the “**Court**”)¹ held that two causes of action, one for relief with respect to *passing off*, and another with respect to *design infringement* under the Designs Act, 2000, can be joined and tried in a composite suit.²

2. BACKGROUND

The present suit, out of which this reference arose, was filed by the plaintiff, Carlsberg Breweries, alleging *infringement* of a registered design and *passing off* of the plaintiff’s trade dress, against Som Distilleries, essentially imitating the Carlsberg product.

The defendant objected to the frame of the suit, pointing out that in *Mohan Lal v. Sona Paint*³ (the “**Mohan Lal Case**”), the two claims, for *passing off* and *design infringement* could not be combined in one suit.

A single judge analysed the parties’ submissions concluding that the issue decided in the Mohan Lal Case required a second look. He referred the question of whether a composite suit could be maintained, where the parties to the proceedings are the same, for re-consideration to a larger bench.

This was done in light of Order II Rule 3 of the Code of Civil Procedure, 1908 (the “**CPC**”), which permits joinder of causes of action.

3. ISSUES REFERRED TO THE BENCH

The single judge referred the following questions to the larger bench:

- (a) Is the court compelled by anything in law to reject a plaint for misjoinder if two causes of action cannot be clubbed? (“**Issue 1**”)
- (b) Are the two causes of action so disparate or dissimilar that the court cannot try them together in one suit? (“**Issue 2**”)

¹ The bench comprised Justice S. Ravindra Bhat, Justice Hima Kohli, Justice Vipin Sanghi, Justice Valmiki Mehta and Justice Vibhu Bakhru.

² *Carlsberg Breweries A/S vs. Som Distilleries & Breweries Ltd.*, C.S.(COMM) 690/2018. Order dated 14.12.2018

³ 2013 (55) PTC 61 (Del) (FB). This was a judgment by a full bench of three judges.

4. ANALYSIS BY THE COURT AND JUDGMENT

4.1 Issue 1

While dealing with the first issue, the Court placed reliance on the decision delivered by a division bench of the Court in *Jay Industries v. Nakson Industries*⁴, where the division bench held that two different causes of action in fact can be a part of the same transaction.

The Court also placed reliance on the meaning of the term *cause of action* as explained by the Supreme Court of India (the “**Supreme Court**”) in *Kusum Ingots & Alloys Ltd. v. Union of India and Another*⁵, in which the Supreme Court observed the following:

“6. [...] cause of action implies a right to sue. The material facts which are imperative for the suitor to allege and prove constitute the cause of action. Cause of action is not defined in any statute. It has, however, been judicially interpreted inter alia to mean that 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.”

Relying on the abovementioned cases, the Court held that, under the CPC, there is no threshold bar on the maintainability of suits on the perceived ground of misjoinder of causes of action, which would prevent the Court from trying a composite suit with two causes of action.

The Court also observed that Order II Rule 3 of the CPC already lays down which causes of action can be united in one suit and what the bar on them is.

In that context, the Court noted the following:

“37. These are, if one may say so, the express bar or exceptions to the rule in Order II Rule 3. The other bar is the kind visualized in Section 80 Code of Civil Procedure, 1908, a threshold procedural step without following which a suitor cannot enter the court.”

Thus, the Court answered the first question by stating that the conclusion in the Mohan Lal Case was erroneous.

4.2 Issue 2

As for the second question, the Court noted that both causes of action are against the same defendant and in respect of the same set of acts and transactions. The only distinction is that the relief claimed is different and, therefore, the Court held that claims for *design infringement* and for *passing off* could be clubbed together in one suit.

It also noted the following:

“45. ...that the basic facts which impel a plaintiff to approach a court, complaining of design infringement are the same as in the case of passing off. In such circumstances, it is inconceivable that a cause of action can be “split” in some manner and presented in different suits. In this context, this court notes that whereas Order II Rule 3 enables plaintiffs to join disparate causes of action, Order II Rule 2 compels the whole claim to be clubbed together.”

⁴ 1992 SCC Online Del 84; AIR 1992 Del 338

⁵ (2004) 6 SCC 254

On this issue, Justice Valmiki Mehta, who was a part of the five-judge bench, separately held the following:

"18. On account of existence of common questions of law and fact between the two causes of action of infringement of a registered design and passing off, therefore to a considerable extent, the evidence of the two causes of action will be common. In such a situation to avoid multiplicity of proceedings there should take place joinder of the two causes of action of infringement of a registered design and passing off against the same defendant in one suit, otherwise multiplicity of proceedings will result in waste of time, money and energy of the parties and also of the courts."

5. **INDUSLAW VIEW**

The judgment is a well-reasoned decision and it clears the air with regard to the issue of maintainability of composite suits, especially those in the field of intellectual property.

In light of the decision in the Mohan Lal Case, even though the dispute arose out of the same facts and transactions, the litigant had to approach two *different* courts. Further, had his claim for *design infringement* been *prima facie* weak and had he been unable to secure an interim injunction, he would have had to face uncertainty before *another* court for his *passing off* claim.

The Court rightly observed that, in a composite suit, the court has the advantage of a bird's eye view and instead of the litigant approaching two *different* courts, the *same* court can review the facts and evidence, and can decide whether *prima facie* a claim for *passing off* requires interim relief.

It is also important to note that in the Mohan Lal Case, the three-judge bench had missed referring to Order II Rule 3 of the CPC, which clearly allows courts to combine different causes of action.

Through the present decision, the five-judge bench has rightly placed reliance on Order II Rule 3 of the CPC, and held that the purpose of this provision is to avoid a *multiplicity* of suits.

It is evident that this provision also deals with the joinder of causes of action, to the extent that when the plaintiff frames the suit, he impleads persons as defendants against whom he claims to have a cause of action.

Therefore, this judgment is a step in the right direction, since it will help avoid *multiplicity* of proceedings, which results in the wastage of time, money and effort.

Authors: Sandeep Grover | Kshitij Parashar

Practice Areas: Litigation & Dispute Resolution | Intellectual Property

Date: December 19, 2018

DISCLAIMER

This alert is for information purposes only. Nothing contained herein is, purports to be, or is intended as legal advice and you should seek legal advice before you act on any information or view expressed herein.

Although we have endeavored to accurately reflect the subject matter of this alert, we make no representation or warranty, express or implied, in any manner whatsoever in connection with the contents of this alert.

No recipient of this alert should construe this alert as an attempt to solicit business in any manner whatsoever.