

**IN THE SUPREME COURT OF THE DEMOCRATIC SOCIALIST
REPUBLIC OF SRI LANKA**

In the matter of an Appeal from the judgment of the High Court of the Western Province (Exercising Civil Jurisdiction) dated 05.05..2006.

SC. CHC. Appeal No. 33/2006

HC. Civil No. 10/2000(3)

Selvarajah Mahera Kanth
of 271, Havelock Road,
Colombo 06.

Presently carrying on business as a sole proprietor under the name and style of 'Marken Enterprises' of No. 29, Ground Floor, Lucky Plaza, No. 70, St. Anthony's Mawatha, Colombo 03.

Plaintiff
Vs.

MTN Networks (Pvt) Ltd.
475, Union Place,
Colombo 04.

Defendant

And Now Between

Selvarajah Mahera Kanth
of 271, Havelock Road,
Colombo 06.

Presently carrying on business as a sole proprietor under the name and style of 'Marken Enterprises' of No. 29, Ground Floor, Lucky Plaza, No. 70, St. Anthony's Mawatha, Colombo 03.

Plaintiff-Appellant

Vs.

MTN Networks (Pvt) Ltd.
475, Union Place,
Colombo 04.

Defendant-Respondent

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BEFORE : **Eva Wanasundera, PC. J**
Sisira J.de Abrew, J. &
Anil Gooneratne, J.

COUNSEL : Mohamed Adamaly with Ms. Shanya de Mel and Ms. Shashika Amarasinghe for the Plaintiff- Appellant.
Gomin Dayasiri with Mrs. Manoli Jinadasa and Sulakshana Senanayake for the Defendant- Respondent.

ARGUED ON : **12. 10. 2015**

DECIDED ON : **16. 02. 2016**

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EVA WANASUNDERA, PC.J.

This is an appeal from the judgment of the Commercial High Court of Colombo dated 5th May, 2006. The Plaintiff-Appellant in his Petition of Appeal dated 03rd July 2006 has moved this Court to set aside the judgment of the Commercial High Court and grant relief as prayed for in his plaint on the grounds enumerated in the Petition of appeal in paragraph 6.1 to 6.6 of the same.

The alleged main grounds on which the Plaintiff-Appellant seeks relief seem to be that,

(a) the Learned High Court Judge has erred in interpreting the provisions pertaining to the registration of Industrial Designs contained in the now repealed Code of Intellectual Property Act No. 52 of 1979 and the new Code of Intellectual Property Act No. 36 of 2003.

- (b) the Learned High Court Judge has erred in applying the burden of proof with regard to the Respondent's claim to have the Appellant's registered Industrial Design declared null and void and
- (c) the Learned High Court Judge has erred in interpreting the concept of "novelty" with regard to the registration of Industrial Designs.

The Plaintiff-Appellant (hereinafter referred to as the 'Plaintiff') claimed that he is the registered owner of a 'new specialty envelope', the design of which is in Document P5. It is described under registered No. 5590 dated 07.10.1999 as "Rectangular in shape, with the window opening on to the top left or right hand side, on the longer 'top end' of the envelope. It may be made of any material like, Kraft paper, brown paper etc. and may have a rigid back surface to prevent the crushing of the documents inside". The Plaintiff claims that he is the registered owner of another 'protector specialty envelope marked P6 registered under No. 5504 dated 01.04.1999.'

Defendant-Respondent (hereinafter referred to as the 'Defendant') filed answer praying not only that the plaint be dismissed but also for a declaration that the said Industrial Design which is registered with the Registrar of Patents and Trade Marks under Reg. No. 5590 and 5504 be declared a nullity. The trial commenced with 9 answers and 30 issues. At the early stages of the High Court case, Plaintiff had made applications for interim reliefs and Court had refused to grant the same. The High Court dismissed the Plaintiff's action and the registration of the industrial designs of the Plaintiff bearing Nos. 5590 and 5504 were declared null and void. The drawing of the said envelopes were marked as P3 and P4.

The Defendant Company is in the business of telecommunication and markets a digital cellular telecommunication products under the brand name of "Dialog". The Plaintiff had a business registration under the name "Marken Enterprises". That Company manufactured postal envelopes. He made special envelopes with the window as in P3 and P4 for the Defendant on the Defendant's orders. P5 and P6, registration of the designs was done in the name of the Plaintiff. The Plaintiff had done such envelopes for the Defendant from the year 1996. In 1996 the envelopes ordered by the Defendant was 5000 to 6000 per month but in 1999 the orders increased the amount to 50,000 to 60,000 envelopes. In September 1999, there was a purchase order P13 for 50,000 of 9" x 12" size envelopes. Thereafter it was withdrawn by Ishara Jayanetti, a

worker in the Defendant Company allegedly with a promise to amend the order and return the same to the Defendant. But it never happened. The Plaintiff's evidence also was to the effect that, his company delayed one order earlier for which he apologized to the Defendant. The Plaintiff also claims that he was the exclusive supplier of envelopes to the Defendant.

The Plaintiff claimed that he had a 'buffer stock' of one hundred thousand envelopes at Rs.3.62 per envelope manufactured and stocked expecting the Defendant to buy. He further claimed damages for the unsalable stock and storage of the same. Plaintiff also produced a draft only of a contract which was to be signed but not signed. The Defendant marked 'Suntel' and 'Mobitel' envelopes with the same design through the Plaintiff in cross examination as D1 and D2. It was admitted by the Plaintiff in cross examination that his own other company called M/s Marken (Pvt) Ltd. supplied envelopes in the year 2000 to the Defendant.

I observe that the Plaintiff's evidence in Court under cross examination does not favour him in support of his allegations contained in the plaint against the Defendant. The evidence of the Plaintiff had not established that there was an existing purchase order at the time when the Defendant practically stopped purchasing the envelopes from the Plaintiff. Neither was there an existing contract between the Plaintiff and the Defendant. It was accepted in evidence that the Plaintiff's second company got orders from the Plaintiff in the year 2000, and they were supplied. The question arises whether having a buffer stock in one company of the Plaintiff as claimed in the plaint, from September 1999, why did he not supply the orders of the Plaintiff from the buffer stock kept specifically for the Plaintiff in his own other company. Therefore the stance claimed by the Plaintiff regarding a buffer stock cannot be accepted as correct. The Plaintiff had answered in cross examination that he manufactured new envelopes and supplied to the Respondent for orders made to the second company, which again is not credible.

The Plaintiff complained that the Defendant got the said 'specialty envelopes' done through other suppliers and that act infringes the Plaintiff's right as a registered owner of an Industrial Design. The Plaintiff prayed from High Court for declarations that the Defendant has infringed the exclusive rights granted to the Plaintiff by the registration of Industrial Design No. 5590 and 5504 amongst all other reliefs which are based on the

alleged infringement of Industrial Design No. 5590 and 5504. The said registrations marked as P5 and P6 were the vital documents.

The Plaintiff's position is that the registration of the design is *prima facie* proof of novelty in the Plaintiff's favour and the burden shifts to the Defendant to establish that others used the design prior to the Plaintiff. The Defendant's position is that since P5 and P6 registrations were the vital documents for securing relief from court, the burden of proof was on the Plaintiff to prove that the registration of the said Industrial Designs were correctly and properly effected and that he is the lawful and legal registered owner of the industrial designs which he claimed that the Defendant was attempting to infringe. I observe that if there is evidence before Court that the said registration amounted to a nullity then the plaintiff fails or in other words, if the Plaintiff was not entitled to have had the design registered, then the plaintiff fails because the basis of the Plaintiff's case is that the Defendant had tried to infringe the Plaintiff's rights secured by the registered designs.

When the case was filed in 2001, the prevalent law was contained in the Code of Intellectual Property Act No. 52 of 1979. It was in the year 2003 that the new Code of Intellectual Property Act No. 36 of 2003 was enacted.

Section 174 of Act No, 52 of 1979 reads:-

"A certificate purporting to be under the hand of the Registrar as to any entry, matter or thing which he is authorized by this Code or regulations made hereunder to make or do, shall be *prima- facie* evidence of the entry having been made and of the contents thereof, and of the matter or thing having been done or not done."

I find that the Certificate of Registration is only *prima facie* evidence of, (1) the entry having been made (2) the contents thereof and (3) matter or thing having been done. The Certificate can be challenged under Section 179.

Section 179 reads:-

"Where the registered owner of an industrial design, patent or mark proves that any person is threatening to infringe or has infringed the said industrial design, patent or mark, as the case may be, or is performing acts which make it likely that infringement will occur, the Court may grant an injunction restraining any such person from committing or continuing such infringement or performing such

acts and may award damages and such other relief as to the Court appears just and appropriate".

The **Plaintiff did not go beyond just producing the Certificates of Registration** at the trial. The Defendant argued that the designs registered were **not new designs and were available to the public** before they were registered.

An Industrial Design is defined in Section 27 of Act 52 of 1979.

Section 27 reads:-

"For the purposes of this Part any composition of lines or colours or any three dimensional form, whether or not associated with lines or colours, that gives a special appearance to a product of industry or handicraft and is capable of serving as a pattern for a product of industry or handicraft shall be deemed to be an industrial design.

Provided that anything in an industrial design which serves solely to obtain a technical result shall not be protected under this Part."

According to this Section "An Industrial Design which serves solely to obtain a technical result does not qualify for protection". It means that a purely functional design cannot obtain protection as an Industrial Design.

The Industrial Design in this instance is a specialty envelope. It can be seen that it is a functional design. The design had been made to suit the functional need of the Defendant to send 'Dialog' bills and invoices to customers. There invoices and bills could have been sent in similar envelopes without the window, which had existed in the public domain. The difference made by 'a window' being there is a functional trait. I am of the opinion that therefore according to the proviso of Sec. 27 of the Act No. 52 of 1979 it does not qualify to be registered as an industrial design.

Section 26 of Act No. 52 of 1979 reads:-

"The protection provided under this Part shall-

- (1) apply only to new industrial designs;
- (2) not apply to an industrial design which consists of any scandalous design or is contrary to morality or public order or which in the opinion of the Registrar

of the Court, is likely to offend the religious or racial susceptibilities of any community.”

The industrial design should be ‘new’. Novelty is defined in Section 28.

Section 28 of Act No. 52 of 1979 reads:-

28 (1) For the purposes of this Part a new industrial design shall mean an industrial design which had not been made available to the public anywhere and at any time whatsoever through description, use or in any other manner before the date of an application for registration of such industrial design or before the priority date validly claimed in respect thereof.

(2) An industrial design shall not be deemed to have been made available to the public solely by reason of the fact that, within the period of six months preceding the filing of an application for registration, it had appeared in an official or officially recognized international exhibition.

(3) An industrial design shall not be considered a new industrial design solely by reason of the fact that it differs from an earlier industrial design in minor respects or that it concerns a type of product different from a product embodying an earlier industrial design.”

In this case, the Plaintiff had admitted in his plaint as well as in evidence that he had been supplying the envelopes marked as P3 in respect of which the registration of industrial design was sought and obtained, as far back as in August/September 1996. He sought registration of these designs in December 1999 which is 3 years later. So, the Plaintiff had been aware that the particular envelopes had been freely available to the public before the date of the application as he himself had by then supplied to the Defendant right along for 3 years. Defendant marked similar Mobitel and Suntel envelopes as D1 and D2 through the Plaintiff in cross examination and he had admitted in evidence that they are similar. He further said he did not supply then to Mobitel and Suntel thus admitting that his declaration to the Registration of Patents and Trade Marks that ‘it is a new design’ is false because it is evident that others also by that time were manufacturing the same envelope. The Plaintiff could have surely sued Suntel and Mobitel envelope manufacturers for infringement of his design but he had not done

so against either Mobitel envelope manufacturers or Suntel envelope manufacturers. This implies that he must have had other reasons for filing action against the Defendant.

From the Plaintiff's evidence, it is seen as admitted by the Plaintiff that his intention of filing this action was to compel the Defendant to purchase envelopes from only the Plaintiff and not from any others. It sounds like the Plaintiff wanted the Defendant to be an exclusive customer by compulsion. On the evidence of the Plaintiff, he had admitted many matters which was not in his favour or rather which disproved his own Plaintiff. It is clear that the envelopes were known to have been used by others before he registered the two Designs. Leaving that aside, he himself had made the same envelope three years before registration and continued to supply the same to the Defendant all those three years. So, it cannot be said in law that there was novelty in the said Designs.

I am of the opinion that the Plaintiff had failed to prove his Plaintiff and the Commercial High Court had correctly made order in the Judgment dismissing the Plaintiff and declaring that the Registration of the Designs Nos. 5590 and 5504 were null and void. The grounds alleged against the Judgment of the Commercial High Court are without merit.

The Appeal is hereby dismissed. However I order no costs.

Judge of the Supreme Court

Sisira J.de Abrew J.

I agree.

Judge of the Supreme Court

Anil Gooneratne J.

I agree.

Judge of the Supreme Court

