

ST. REGIS PACKAGING (PVT) LTD

v.

CEYLON PAPER SACKS LTD

SUPREME COURT
S.N. SILVA, CJ.
PERERA, J. AND
BANDARANAYAKE, J.
SC (CHC) APPEAL NO. 1/2000
SC (LA) (HC) 3/2000
HC/CIVIL/26/99(3)
19TH MAY, 2000

Intellectual property - Infringement of a patent - Action for injunction under section 179 of the Code of Intellectual Property Act, No. 52 of 1979 - Right of assignee of a registered patent.

The plaintiff filed action against the defendant for alleged infringement of his rights as the registered owner of patent No. 10694. This patent was for a product called "SAFE T PACK" a container used for packing tea as a cost effective alternative to plywood chest. The inventor of the patent, one Caderamenpulle had a dispute with the defendant and upon an action filed by him (the inventor) the High Court (Commercial) Colombo directed the Registrar of Patents to enter his (the inventor's) name as the registered owner of the patent. Caderamenpulle assigned his rights to the plaintiff on 13. 05. 1999 which assignment was recorded in the Register of Patents.

The plaintiff's action was instituted on 13. 12. 1999 in terms of section 179 of the Code of Intellectual Property Act, No. 52 of 1979 ("the Code") alleging that the defendant was infringing the plaintiff's rights by manufacturing and selling products, exploiting the patent registered in the name of the plaintiff and seeking an injunction from the High Court (Commercial) Colombo against the defendant restraining him from continuing to infringe the rights of the plaintiff.

The plaintiff had, before the assignment of the patent was registered with the Registrar in his favour, instituted an action against E. I & M (Pvt) in terms of section 57 of the Code that the industrial design No. 5469 is null and void. That action was instituted by the plaintiff under section 57 of the Code as a person "showing a legitimate interest to have the declaration declared null and void."

Held :

1. After the assignment of the patent was recorded in the register, the plaintiff had all the rights of the proprietor of a patent and was entitled to file an action for an injunction under section 179 of the Code.
2. When the action against E. I & M (Pvt) Ltd. was filed by the plaintiff in terms of section 57 of the Code for a declaration that the registration of the industrial design was null and void, the plaintiff was not the registered owner of the industrial design. As such the plaintiff's failure to seek an injunction at the stage did not bar his right to seek an injunction under section 179 in the present action.
3. An infringement of an intellectual property is a continuous act giving a recurring cause of action; hence the plaintiff's right to seek an injunction under section 179 was not precluded by delay.

Cases referred to :

1. *Holiday Inns Inc. v. Annamalai Mutthappa and Others* (1986)
1 CALR 336
2. *Bengal Waterproof Ltd. v. Bombay Waterproof Manufacturing Company and Another* (1996) Supreme Court of India, Ahujas Intellectual Property Cases Vol. 2 No. 3 March 1997, 165 at 170

APPEAL from the judgement of the High Court (Commercial) Colombo.

K. Kang-Iswaran. P.C. with *Harsha Cabraal* and *Ms. Anjali Fernando* for appellant.

Wijeyadasa Rajapaksa for respondent.

Cur. adv. vult.

November 10, 2000.

SHIRANI A. BANDARANAYAKE, J.

The plaintiff-petitioner (hereinafter referred to as the plaintiff) instituted action against the defendant-respondent (hereinafter referred to as the defendant) seeking to enforce his rights as the registered owner of patent No. 10694. This patent was for a product called 'SAFE T PACK', a container used for packing tea as a cost effective alternative to plywood chest, as 'containers' for the export of tea. The plaintiff's position

was that these rights were assigned to him by one Mr. Caderamanapulle as the inventor of the patent in question. The plaintiff claims that the assignment was recorded with the Registrar of Patents on 13. 05. 1999 in terms of section 84 of the Code of Intellectual Property Act, No. 52 of 1979. It is common ground that before the plaintiff became the registered owner of the patent upon an assignment in May 1999, there had been a dispute between the defendant and the original inventor of the patent. The original inventor had filed action in the High Court (Commercial) of Colombo moving for an order declaring him to be the registered owner of the said patent. The High Court (Commercial) of Colombo, by order dated 15. 08. 1997, had directed the Registrar of Patents and Trade Marks to enter the name of the inventor as the registered owner of the patent.

According to the plaintiff, the defendant was infringing the rights of the plaintiff by manufacturing and selling products, exploiting the patent registered in the name of the plaintiff. This action was instituted on 13. 12. 1999 in the High Court (Commercial) of Colombo, seeking to injunct the defendant from continuing to infringe the rights of the plaintiff.

Learned High Court Judge dismissed the plaintiff's application for an interim injunction on three preliminary grounds raised by the defendant.

When this matter was taken up for hearing, learned Counsel for the plaintiff and the respondent agreed that the appeal could be decided on the basis of three(3) preliminary matters on which the learned High Court Judge refused the application for an interim injunction. These 3 matters are as follows:

- A. whether the plaintiff as an assignee can seek relief in terms of section 179 of the Code of Intellectual Property Act?

- B. whether the plaintiff can maintain the present action for an interim injunction in view of the proceedings already instituted by it against the Company for declaration of nullity of an industrial design?
- C. whether the plaintiff is precluded from obtaining an interim injunction in view of the delay in invoking the jurisdiction of the High Court?

I would now proceed to examine the above mentioned three(3) grounds.

A. Whether the plaintiff as an assignee can seek relief in terms of section 179 of the Code of Intellectual Property Act?

Learned President's Counsel for the plaintiff submitted that, by operation of law, an assignee could institute proceedings as the registered owner of a patent.

Learned counsel for the defendant, however contended that the rights of an owner of a patent and an assignee of a patent are separately dealt with, in the Code of Intellectual Property Act of 1979. In support of his contention learned counsel for the defendant, relied on section 147 of the Code, where it states that,

"Any person who wilfully infringes the rights of any registered owner, assignee or licensee of a patent shall be . . ."

Learned counsel for the defendant submitted that since section 147 of the Code makes specific reference to an owner, assignee and a licensee separately, section 179 could not apply to an assignee in the absence of a specific reference to an assignee in that provision. His position is that, section 179 of the Act is limited only to a registered owner of a patent, and as the plaintiff is only an assignee, he cannot have any recourse to it.

Section 179 of the Code of Intellectual Property Act deals with infringement proceedings of industrial design, patent or mark and refers to the 'registered owner' as the person who could claim that there is such an infringement. The question therefore is whether the words, 'registered owner', in section 179 of the Code, include an assignee of a patent.

Section 84(1) of the Code provides for a patent application or patent to be assigned or transmitted to another person. Referring to the meaning of assignment, learned President's Counsel relied on P. Narayanan, (Patent Law, 3rd edition, Pg. 219), who has stated that,

“. . . In Patent Law the term means an act of patentee by which the patent rights are wholly or partly transferred to the assignee who acquires the right to prevent others from making, using, exercising or vending the invention.

A legal assignee is entitled to have his name entered in the register of patents as the proprietor of the patent and can thereafter exercise all the rights of the proprietor of a patent" (emphasis added)

Discussing the sale of intellectual property rights and the distinct features between an assignment and licensing, Hilary Pearson and Clifford Miller have clearly explained the basic features of an assignment:

“. . . assignment is the transfer of the ownership, so that after the transfer the original owner is now himself excluded from using the property unless the new owner gives him a license" (Commercial Exploitation of Intellectual Property, 1990, pg. 343).

According to W.R. Cornish, 'an assignment is in essence a transfer of ownership' (Intellectual Property : Patents, Copyright, Trade Marks and Allied Rights, 4th edition, 1999, pg. 465).

An assignment in terms section 84(1) of the Code would thus pave the way for an assignee to get into the position of the "registered owner" of a patent, industrial design or mark.

Section 84(2) of the Code has made it necessary for a person, who had become entitled by assignment to a patent, to apply to the Registrar in the prescribed manner in order to have such assignment recorded in the Register. Section 84(4) of the Code states that,

"No such assignment or transmission shall have effect against third parties unless so recorded in the register".

The cumulative effect of these provisions is that when the assignment is so recorded in the Register, the assignee would be entitled to enter his name in the Register as a proprietor of the patent. In terms of section 179 of the Act, the registered owner has the right to seek an injunction to restrain any person from committing or continuing an infringement of the patent. Hence an assignee who has become entitled to the rights of a registered owner would be in a position to seek relief in terms of section 179 of the Code of Intellectual Property Act.

B. Whether the plaintiff can maintain the present action for an interim injunction in view of the proceedings already instituted by it against the Company for declaration of nullity of an industrial design?

The respondent contended that as the plaintiff had not sought an injunction against E. I & M (Pvt.) Ltd., the plaintiff is not entitled to an interim injunction in these proceedings. It is common ground that the plaintiff had filed action against E. I & M (Pvt.) Ltd., seeking a declaration that the industrial design Registration No. 5469 is null and void. E. I & M (Pvt.) Ltd., has been identified as an agent of the respondent. The position taken up by the respondent is that as the plaintiff had not sought any relief by way of an injunction against E. I & M (Pvt.) Ltd., who had been described by the plaintiff as an agent

of the defendant, the plaintiff is not entitled for an interim injunction in these proceedings.

As correctly contended by learned President's Counsel for the plaintiff, the institution of proceedings for an injunction is governed by section 179 of the Code of Intellectual Property Act of 1979. In terms of section 179, it is only a 'registered owner' who would be eligible to make an application for an injunction. With regard to the industrial design in question it is common ground that the plaintiff was at the time of the aforesaid action *not the registered owner of the Industrial Design*. Therefore it was not possible for the plaintiff to institute proceedings for an interim injunction in terms of section 179 of the Code, until he became the registered owner of the said industrial design.

Learned counsel for the defendant contended that this action is regulated by the provisions of the Civil Procedure Code. His submission was that the plaintiff could have had recourse to the provisions of the Civil Procedure Code which deals with injunctions. He contended that section 181(4) of the Code further strengthens his position, as it provides that,

"The provisions of the Judicature Act and the Civil Procedure Code shall apply to every application for an injunction made to the Court under this Code."

Learned counsel for the defendant accordingly submitted that the contention of learned President's Counsel for plaintiff that the plaintiff could not 'as a matter of law' obtain any 'interim relief whatsoever' cannot be sustained.

Section 181(4) of the Code of Intellectual Property Act, no doubt provides for the Judicature Act and the Civil Procedure Code, to be applicable to every application for an injunction. However, it must be noted that an application for an injunction has to be made under the Code of Intellectual Property Act, as specifically stated in section 181(4). Therefore the substantive right to institute proceedings would be as provided for in the

Code of Intellectual Property Act of 1979. The jurisdiction of the Court empowered to grant such relief and the procedure therefor would be governed by the Judicature Act and the Civil Procedure Code.

As mentioned earlier, the plaintiff was not the registered owner of the industrial design in question and therefore he was not in a position to apply for an injunction. The plaintiff until the assignment in his favour was recorded in the Register had instituted action No. HC/Civil/21/99(3) against E. I & M (Pvt.) Ltd., in terms of section 57 of the Code. Section 57 of the Code provides that,

“The Court may on the application of any person showing a legitimate interest, . . . declare the registration of the industrial design null and void . . .”

Learned President’s Counsel for the plaintiff submitted that the plaintiff had instituted the above mentioned action No. HC/Civil/21/99(3) against E. I & M (Pvt) Ltd., as a person “showing a legitimate interest to have the registration declared null and void.”

In these circumstances, I am of the view that the failure to obtain an interim injunction in the action against E. I & M (Pvt.) Ltd., does not disentitle the plaintiff to an injunction against the defendant in the present action.

C. Whether the plaintiff is precluded from obtaining an interim injunction in view of the delay in invoking the jurisdiction of the High Court?

Learned counsel for the defendant submitted that a cautionary notice with regard to the patent in question was published on 10th November 1998 and even at that time the plaintiff was well aware of the fact that the defendant was manufacturing and marketing the product known as ‘SAFE T PACK’. His submission is that the plaintiff had waited for

almost thirteen (13) months after the cautionary notice, to seek an interim injunction. The position taken up by learned President's Counsel for the plaintiff is that he became the registered owner of the patent, upon assignment, only on 13. 05. 1999 and had instituted this action on 03. 12. 1999. He further contended that an infringement of an intellectual property right is a continuing act and every act of infringement, constituted a fresh cause of action. In his view what is necessary is, to establish a prima facie case of infringement of an intellectual property right and that would enable a person to obtain an interim injunction under section 179 of the Code of Intellectual Property Act. In support of his argument, learned President's Counsel for the plaintiff relied on *Holiday Inns Inc. v. Annamalai Mutthapa and others*⁽¹⁾ where it was held that,

“Furthermore, since the acts of the defendants were *continuing acts*, the question of delay did not arise” (emphasis added).

It is settled law that an infringement of an intellectual property right is a continuing act with every act of infringement giving rise to a fresh cause of action. Injunctions are the only remedy available to prevent such continuing action of violation. In *Bengal Waterproof Ltd., v. Bombay Waterproof Manufacturing Company and another*⁽²⁾, it was held that,

“. . . It is obvious that such infringement of a registered trade mark carried on from time to time would give a recurring cause of action to the holder of the trade mark to make a grievance about the same and similarly such impugned passing off actions also would give a recurring cause of action to the plaintiff to make a grievance about the same and to seek appropriate relief from the Court . . . Therefore, whether the earlier infringement has continued or a new infringement has taken place, cause of action for filing a fresh suit would obviously arise in

favour of the plaintiff who is aggrieved by such fresh infringements . . .”

In the circumstances, I do not see any merit in the ground of objection based on undue delay.

For the aforementioned reasons, the Order of the High Court (Commercial) of Colombo is set aside and this matter is sent back for inquiry into the plaintiff's application for an interim injunction. In all the circumstances there will be no costs.

S.N. SILVA, CJ. - I agree.

PERERA, J. - I agree.

Appeal allowed.