



Jurisdiction Matters: High Court or Commercial Court?

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Recently, the Madhya Pradesh High Court resolved an issue regarding the power of the High Court to entertain a commercial dispute arising from a design infringement suit instead of the Commercial Court set up by the State government at the district level. The Court interpreted the language of the Designs Act, 2000, and the Commercial Court Act, 2015.

Facts of the case

The Plaintiff, Mold-Tek Packaging Ltd, is a manufacturer and seller of plastic packaging material. They have been in the industry since 1985 for developing a variety of tamper-proof lids of plastic containers. They also submitted design registration applications in 2015 and 2017 for the containers' lids, lids with the spout, jar, or container with the Controller General of Patents, Designs, and Trademarks (CGPTDM), Kolkata. In late 2019, the Plaintiff came to know about the Defendant, S.D. Containers, which was producing lids and containers of the same design as that of the Plaintiff. It was also found that they were supplying those products to some of the existing customers of the Plaintiff.

The Plaintiff then filed a civil suit in a Commercial Court (District Court at Indore) seeking a declaration that the Defendant has no right to manufacture similar lids and containers that look like the Plaintiff's designs and also a permanent injunction restraining the Defendant from copying, using the designs of the Plaintiff as stated in Design Application Nos. 299039 and 299041 for the containers and lids, respectively. They further claimed an amount of INR 50 million as damages caused by the design infringement. They also requested a temporary injunction against the Defendant during the pendency of the case.

In their reply, the Defendant challenged the status of the design registration. They stated that the Plaintiff's designs lack originality, and similar designs for the same

products are commonly found in the market, even before the design registration applications were made. Hence, design registrations should be refused.

The Defendants interpreted Section 19 and 22 of the Indian Designs Act, 2000, for their counterclaim. Based on these provisions, they sought the transfer of the case to the Madhya Pradesh High Court.

The Commercial Court, through an order dated 23.03.2020, transferred the matter to the High Court of Calcutta. The Plaintiff filed a petition in the Madhya Pradesh High Court against the said order.

The Plaintiff contended that the order of the Commercial Court is untenable since a matter can be transferred to the High Court only when an appeal against an order passed by the

CGPTDM is pending before the High Court. They also stated that the original issue of piracy of design arose within Indore's territorial jurisdiction and cannot be transferred to the High Court of Calcutta. They further argued that the Commercial Court ought to have decided the application for a temporary injunction before deciding the Defendant's application for the transfer of the case.

The Defendant maintained their original stance and denied claim of design piracy and further submitted that the Commercial Court must transfer the suit to the High Court; however, the Court should be the Madhya Pradesh High Court instead of the Calcutta High Court.





Findings of the Court =

The Madhya Pradesh High Court considered the following issues-

Whether the Commercial Court has correctly interpreted the provisions of the Designs Act, 2000, while transferring the suit to the High Court?

Whether the suit should be transferred to the High Court of Calcutta, or is the Commercial Court at Indore competent to decide the suit?

Since the Plaintiff and the Defendant unanimously agreed that the High Court of Calcutta does not have territorial jurisdiction, the Madhya Pradesh High Court went on to decide a more pressing matter - whether a civil suit should be transferred to a High Court at all?

The Court first examined the provisions of the Designs Act and went on to explain the basic provisions of the Act. Of which, Section 19 provides the grounds for cancellation of the registration of a design. The provision refers to a remedy of appeal against the order of CGPDTM to the High Court. It also gives power to the CGPDTM to refer any petition to the High Court itself.

Section 22 of the Act deals with piracy of a registered design. It provides that if a design already exists at the time of application for registration, it shall not be registered except without a license or written consent from the original creator of the design. It also states that a defendant may take ground for its defense as available under Section 19 of the Act. Further, if the Defendant raises a ground as a defense

available under Section 19, the proceeding shall be transferred by the Court in which the suit is pending to the High Court for its decision. The Court interpreted this provision mandatory due to the use of the word "shall".

It is important to note here that the Defendant challenged the design of the Plaintiff by way of counterclaim. However, no petition under Section 19 was filed before the CGPDTM to cancel the design registration.

Next, the Court examined the provisions of the Commercial Court Act, 2015, that talks about the type of cases a Commercial Court may entertain, which includes intellectual property matters; how the State Governments shall constitute such courts and appoint Judges after consultation with the concerned High Court; how there shall be Commercial Divisions and Commercial Appellate Divisions in High Courts; and the territorial, pecuniary, and subject-matter jurisdiction of Commercial Courts vis-à-vis the Commercial Divisions of High Courts.

The Act also states that matters relating to the Designs Act, 2000, shall be transferred to the Commercial Division of the High Court exercising ordinary original civil jurisdiction. However, the Court stated that the Madhya Pradesh High Court does not have an original civil jurisdiction unlike the High Courts of Calcutta, Madras, Mumbai, and Delhi, which is why the state government has established Commercial Courts at District level and Commercial Appellate Courts at District Judge level in the state.

The Court decided that the Commercial Courts Act overrides other provisions contained in other laws. Since the lawmakers specifically included a provision of transfer of commercial disputes to

the High Court having the 'ordinary original civil jurisdiction' and the High Courts which do not enjoy the said jurisdictional powers cannot entertain such suits. This is why the constitution of special Commercial Courts has been made to resolve such disputes. Even though the Designs Act uses the term 'High Court' in its bare text reading, after the enactment of the Commercial Courts Act, such a suit is liable to be transferred to the Commercial Court and not to the High Court in a State where the High Court has no ordinary original civil jurisdiction.

Moreover, the High Court will be entitled to hear the case only in case of an appeal against the decision of the CGPDTM. The Court reaffirmed that an application for cancellation of registration of design could only be entertained by the CGPDTM exclusively.

To conclude, it was held that the Commercial Court at Indore had erred in transferring the case to the High Court of Calcutta since it was competent to decide the matter itself.

The challenged order was quashed.