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Judgment
8, 1964

IN THE PRIVY COUNCIL

No. 26 of 1961

ON APPEAL FROM
THE FEDERAL SUPREME COURT OF NIGERIA

B E T W E E N :

JOHN KHALIL KHAWAM AND COMPANY
(John Khalil Khawam trading as)
(Plaintiffs) Appellants

- and -

10 K. CHELLARAM & SONS (NIG.) LIMITED
(Defendants) Respondents

- and -

B E T W E E N :

K. CHELLARAM & SONS (NIG.) LIMITED
(Defendants) Appellants

- and -

JOHN KHALIL KHAWAM AND COMPANY
(John Khalil Khawam trading as)
(Plaintiffs) Respondents

(CROSS APPEAL CONSOLIDATED)

UNIVERSITY OF LONDON
INSTITUTE OF ADVANCED
LEGAL STUDIES
22 JUN 1965
25 RUSSELL SQUARE
LONDON, W.C.1.

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SUPPLEMENTAL CASE FOR THE APPELLANTS
ON RESPONDENTS' CROSS APPEAL

Record

1. This is the Respondent's (K. Chellaram & Sons (Nig.) Limited) cross-appeal by special leave consolidated with the Appellants' appeal from the Judgment and Order of the Federal Supreme Court of Nigeria dated the 10th March, 1961, dismissing the Respondents' cross appeal from the cross appeal from the Judgment of the Honourable Mr. Justice Coker in the High Court of Lagos, dated the 16th

p.71, 1.17 to
p.79, 1.20.
p.80.

Record

February, 1959, whereby he held the Respondents (Defendants) not to have been innocent infringers, and awarded the Appellants (Plaintiffs) the sum of £2000 as damages for the infringement by the Respondents of their Registered Design, and allowing the Appellants' appeal and increasing the said sum of £2000 damages to £2500.

2. By section 3 of the United Kingdom Designs (Protection) Ordinance, Cap 221 of Nigeria hereinafter referred to as "the Ordinance" it is provided:-

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"3. The registered proprietor of a design shall not be entitled to receive any damages in respect of an infringement of copyright in a design from any Defendant who proves that at the date of the infringement he was not aware nor had any reasonable means of making himself aware of the existence of the registration of the design."

The corresponding provisions in section 9 (1) of the Registered Designs Act, 1949, (hereinafter referred to as "the Act") in England in the material respects are as follows:-

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"9. (1) In proceedings for the infringement of copyright in a registered design damages shall not be allowed against a defendant who proves that at the date of the infringement he was not aware and had no reasonable ground for supposing, that the design was registered."

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It is submitted that inasmuch as the said provisions of the Act were not expressed therein to extend to Nigeria, and the Statutes at large in England applying to Nigeria were only those in force on the 1st January, 1900 it is the provisions of the Ordinance which apply to Nigeria and not those of the Act; nevertheless the learned trial Judge in his finding that the Respondents were not innocent infringers within the meaning of either the Ordinance or the Act said as follows:-

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p.55, 1.4 to
p.57, 1.7.

"As regards the claim for damages, the considerations are of course different. By the provisions of Section 9 of the Act of 1949 damages shall not be awarded against a

defendant who proves that at the date of the infringement he was not aware and had no reasonable ground for supposing that the design was registered the Designs (Protection) Ordinance Cap. 221 provides similarly that damages may not be awarded against a defendant who proves that at the date of the infringement he was not aware nor had any reasonable means of making himself aware of the existence of the registration of the design. In both cases the onus is upon the defendant to prove ignorance or lack of means of knowledge, of the registration of the design. Apart from the evidence of Mr. Ladharam" (called by the Respondents) "to the effect that he did not know that the design of the plaintiffs was registered, there is hardly any direct evidence on this point. I have therefore to consider all the relevant circumstances of this case.

p.28, 1.20 to
p.35, 1.10.

"To start with, I accept the evidence that Exhibit D" (i.e. the infringing cloth) "is printed with inferior dye on an inferior material. Such is the evidence of the plaintiff as well as the evidence of the witness Noble called by the defendants. The defendants did say that Exhibit D was offered to them in the middle of 1957 by the Gosho Company Ltd. through their office in Japan. The Gosho Company Ltd. were the manufacturers for the plaintiff. The defendant did not make any search or searches at Manchester to know whether or not the design was registered there; in fact it is the evidence that the defendants were not in the habit of making searches for registered designs. There is no doubt that if the defendants had so made a search, the registration by plaintiffs would have been discovered. There is no other evidence to support that of Mr. Ladharam to the effect that it was the Gosho Company Ltd. that 'offered' the cloths to the defendants. The cloth Exhibit D is sold by the defendants in pieces contained on paper wrappers printed inter alia with the following words:- 'Specially made for K. Chellarams & Sons (Nigeria) Ltd., Lagos Design No.714OR.'

"If as the defendants contended crimped

Record

cotton African prints are recorded in Japan as open Design OM No.36023, why then did this design bear the special No.7140R ? The defendants never inquired why was this cloth marked 'Specially made for K. Chellaram & Sons' and why was it printed with inferior dye and on inferior material? If the Gosho Company Ltd. were offering some of the stocks of the plaintiffs to the defendants, they would in all probability have offered identically the same stuff in identically the same quality. I reject the evidence that it was the Gosho Company Ltd. that offered Exhibit D to the defendants and indeed such evidence is not consistent with the terms of the confirmation notes Exhibits O and O1. The witness Ladharam carried this position to its logical conclusion when he made the alarming suggestion that the defendants did not even see the design before they ordered for it. I will not, and do not, believe such evidence. I take the view that either the defendants are completely reckless or that their office in Japan having seen the designs of the plaintiffs after the manufacture of Exhibit C, decided to and did order for actual reproduction of the plaintiffs' design on cheaper material with inferior dye and with the avowed purpose of wrecking the market for the plaintiff. This is borne out by the attitude of the defendants to the situation which arose after their receipt of letters Exhibits F, G and Q, indeed the defendants' representative stated in the witness box that he was seeing Exhibit C for the first time in Court. This is also demonstrated by the way in which the defendants had fought this case throughout. During his address to me I asked Counsel for the defence to let me know his stand whether he was an innocent infringer or he was contesting the validity of the registration. Counsel told me that he was contesting the validity of the registration. In my view therefore the defendants have not proved that although they were unaware of the plaintiffs' registration, they had no reasonable means of ascertaining such fact, they had failed or neglected to make the necessary investigation which a prudent man of business in the same circumstances

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would have made. If a refusal or neglect to make such a search, (especially in the case of a company, with a branch in Manchester) would excuse a defendant under Section 9 of the Act, the inevitable consequence is that registration does not afford any protection at all and a smart infringer would have sold as much of the infringing material as he would and ruined the market for the registered proprietor, before an order for injunction is obtained and if then he had no stocks left of the infringing material, he would avoid any liabilities. Such is not the intention or indeed the words of the Act. In my judgment therefore the plaintiffs are entitled to damages against the defendants."

3. The Judgment of the Federal Supreme Court in their finding that the Respondents were not innocent infringers is concurrent with that of the learned trial Judge with respect both to his said findings of fact and as to the law. The Judgment of Ademola F.C.J. in which Mbanefo, C.J. Eastern Region concurred is as follows:-

"Mr. Bickersteth argued that either of these statutory provisions granted protection to the defendant in this case, and that the learned Judge was wrong in his assumption that the defendant must have seen the plaintiff's design and decided to order it since it was clear that Goshu Company brought the design to the Japan Office of the defendant and it was an open design in Japan.

p.72, 1.21 to
p.73, 1.16.

"It appears to me that for the defendant to claim the protection afforded by either the English Act or the local Ordinance, he must satisfy the Court that he had no reasonable means of finding out whether or not the design had been registered. It was argued that protection is claimed under the English Act.

"The wording of the English Act refers to 'reasonable grounds' the local Ordinance states 'reasonable means'. There is to my mind, no conflict between the two; if there is, it is clear that the local Ordinance will prevail. The earlier English Act spoke of 'reasonable means' but it was amended to 'reasonable grounds'. In Nigeria 'reasonable means' is

Record

still the criterion; this may be due to the fact that the registration has to be carried out in the United Kingdom. Whatever it is, it hardly affects this case where the defendants did nothing although they had every means of finding out from the Design Registry in Manchester whether or not this particular design, which incidentally carried a number, has been registered.

"The submission that since the registration of the design was refused in Japan was enough for the defendant to assume that the design could not be registered in the United Kingdom, I reject without further comments.

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"The findings of the learned trial Judge that the defendants have failed or neglected to make necessary investigation which a prudent company having a branch in Manchester would have made in the circumstances and cannot therefore claim any protection as an innocent purchaser are, in my view, justified by the evidence before him, and these two grounds of the cross appeal must fail."

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p.76, l.36 to
p.79, l.20.

The Judgment of Brett F.J. is as follows:-

"I agree with the order proposed, but I should like to say a further word about the recovery of damages in an action of this nature in Nigeria. Sections 2 and 3 of the United Kingdom Designs (Protection) Ordinance (hereinafter referred to as the Ordinance) read as follows:-

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'2. Subject to the provision of this Ordinance the registered proprietor of any design registered in the United Kingdom under the Patent and Designs Acts, 1907 to 1932, or any Act amending or substituted for those Acts shall enjoy in Nigeria the like privileges and rights as though the certificate of registration in the United Kingdom had been issued with an extension to Nigeria.

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'3. The registered proprietor of a design shall be entitled to recover any damages in respect of any infringement of copy-

right in a design from any defendant who proves that at the date of the infringement he was not aware nor had any reasonable means of making himself aware of the existence of the registration of the design:

'Provided that nothing in this section shall affect any proceeding for an injunction.'

10 "It is agreed that the Registered Design Act, 1949 (hereinafter referred to as the Act) is an Act substituted for the Patents and Designs Acts, 1907 to 1932, and section 2 and 3 of the Ordinance thus give Khawam the same privileges and rights in respect of his registered design as if the certificate of registration in the United Kingdom had been issued with an extension to Nigeria, but do not entitle him to recover damages from a
20 defendant who proves the matters referred to in Section 3. What then, is the effect of Section 9 of the Act, which exempts an innocent infringer from liability for damages if he proves certain matters which are different from, but not inconsistent with, those set out in Section 3 of the Ordinance. If it is to be regarded as abating the privileges and rights conferred by registration, then in Nigeria it will afford a defence to a claim for damages
30 additional to that afforded by Section 3 of the Ordinance. The right given by registration under the Act, is set out in general terms in Section 7 of the Act. It is there described basically as an exclusive right to make or deal in various ways with any article in respect of which the design is registered. Neither that section nor any other lays down expressly what remedies for infringement of the right are to be available, but, as I have
40 already said, Section 9 exempts an innocent infringer from liability for damages, while not affecting the power of the Court to grant an injunction.

"When the Ordinance was enacted in 1936, Section 33 of the Patents and Design Act, 1907, contained provision in relation to patents similar to that contained in Section 3

Record

of the Ordinance, but the corresponding provision relating to designs in Section 54 (1) (b) of the Act was as follows:-

'54. (1) Before delivery on sale of any articles to which a registered design has been applied, the proprietor shall -

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(b) cause each such article to be marked with the prescribed mark, or with the prescribed words or figures, denoting that the design is registered; and if he fails to do so the proprietor shall not be entitled to recover any penalty or damages in respect of any infringement of his copyright in the design, unless he shows that he took all proper steps to ensure the marking of the article, or unless he shows that the infringement took place after the person guilty thereof knew, or had received notice of the existence of the copyright in the design.' 10

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"If this applied in Nigeria, it is hard to see what room there could be for the application of Section 3 of the Ordinance, and I conclude that it was not intended that it should apply. This indicates that the expression 'privileges and rights' in section 2 of the Ordinance does not introduce the provisions of the U.K. Acts restricting the remedies for the breach of the basic rights, and I therefore conclude that a defence under Section 9 of the 1949 Act is not available in Nigeria. 30

"Even if I am mistaken in this, I agree that a defence has not been made out either under the Ordinance or the Act. Chellarams have certainly not proved that they had no reasonable means of making themselves aware of the existence of the registration of the design. They have an office in Manchester, and it has not been suggested that they could 40

not have had a search made in the Manchester Registry or that a search made in revealed the existence of the registration. As to whether they have proved that they had no reasonable ground for supposing that the design had been registered, the evidence of their chief witness as to fact, Naraindas Ladharam, justified the finding of Coker, J., that 'either the defendants are completely reckless or their office in Japan having seen the designs of the plaintiffs after the manufacture of Exhibit C decided to and did order for actual reproduction of the plaintiffs' design on cheaper material with inferior dye and with the avowed purpose of wrecking the market for the plaintiff'. They have not, on either alternative, established a defence under Section 9 of the Act."

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4. It is respectfully submitted that the learned trial Judge who, having seen and heard the witnesses called for the Appellants and the witness Naraindas Ladharam, who is referred to in the learned trial Judge's Judgment aforesaid called by the Respondents, and therefore, in the best position to judge, had, rightly, held that the Respondents were not, within the meaning of the Ordinance, or alternatively within the meaning of the Act, innocent infringers, and that there are in respect of such finding concurrent findings.

p.28, l.20 to
p.35, l.10

5. It is submitted that the Judgment of the trial Judge as concurrently upheld and affirmed by the Federal Supreme Court as aforesaid in finding that the Respondents were not innocent infringers and that the Appellants were accordingly entitled to be awarded damages is right and should be affirmed and the Respondents' cross appeal dismissed for the following among other

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R E A S O N S

1. BECAUSE the finding that the Respondents were not innocent infringers is concurrent.
2. BECAUSE the Respondents had not discharged the onus of proving that they were innocent infringers.
3. BECAUSE the law whether it be the Ordinance or

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the Act was rightly interpreted and applied by the learned trial Judge and the Federal Supreme Court.

4. BECAUSE for the reasons contained in the respective Judgments of the learned trial Judge and the Federal Supreme Court and other good and sufficient reasons the said finding is right and should be upheld and affirmed and the cross appeal dismissed.

S.N. BERNSTEIN.

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SUPPLEMENTAL CASE FOR THE APPELLANTS
ON RESPONDENTS' CROSS APPEAL

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