

C.M.A. No. 1025 of 2009

Variety Dry Fruit Stores v. Variety Agencies

2010 SCC OnLine AP 163 : (2010) 3 ALD 202 (DB)

(BEFORE V.V.S. RAO AND B.N. RAO NALLA, JJ.)

M/s. Variety Dry Fruit Stores, rep. by Sri Hasmukh J Thakker

v.

M/s. Variety Agencies, Rep. by Sri Ashok J Thakker

Counsel for petitioner: Sri N. Subba Reddy, Senior Counsel

Counsel for Respondent: Sri D. Prakash Reddy, Senior counsel for Peri Prabhakar

C.M.A. No. 1025 of 2009

Decided on March 5, 2010

: JUDGMENT: (per Hon'ble Sri Justice V.V.S. Rao)

The VARIETY dispute in this miscellaneous appeal is between two half blood brothers fighting with full blood for the name 'VARIETY' to use it as a prefix to the dry fruits business, they do separately. The appellant was unsuccessful in getting a prohibitory order against the respondent and hence this appeal.

Background The factual background to the extent necessary may be noticed by referring to the parties as they appear before us and while referring to various documents as marked by the Court below. Jamnadas Devji started M/s. VARIETY Dry Fruit Stores in Secunderabad in 1955 in a rented premises No. 2-4-1, M.G. Road, Secunderabad. He had four sons and four daughters. The respondent (defendant) is one of them. After the death of first wife, Jamnadas married Smt Jaya Ben. The appellant (plaintiff) is son through second wife. Under Ex.A.9, dated 03.02.1968, elder brother of respondent joined as a partnership business, which was reconstituted as 'VARIETY Dry Fruit Stores'. About ten years thereafter under Ex.A.11, dated 16.04.1977, the respondent also joined as a partner in the business. A decade thereafter elder brother retired from the firm. The respondent and Jamnadas were reconstituted into a new firm. Under Ex.A.14, dated 02.04.1990, the firm was dissolved. The respondent relinquished his rights in the partnership including trade name, trade quota, trade licences and other benefits enjoyed by the firm as on 31.03.1990. Jamnadas continued the business. He executed Will, Ex.A.15, dated 28.05.1996 bequeathing 50% to his second wife and 50% in Goodwill and tenancy rights to appellant. The Will was modified by Codicil, Ex.A.16, dated 20.06.1996 giving Jaya Ben's share of 50% in the business also to the appellant after her death. Jamnadas died on 17.12.1998. Under Ex.A.17, dated 13.01.1999, Jaya Ben relinquished her 50% share in 'VARIETY Dry Fruit Stores' in favour of the appellant.

After relinquishing his right in the business under Ex.A.14, the respondent statedly in 1990 commenced and established the business in the name and style 'M/s. Variety Agencies' dealing in the dry fruits and canned foods. In March, 2008, appellant obtained registration of trade mark 'VARIETY Dry Fruit Stores' under Exs.A.1 and A.2 dated 08.03.2008 and 27.03.2008 respectively in respect of various food and non-food varieties included in clauses 29 and 30 under the Trade Marks Act, 1999. As noticed supra, the respondent carried business by name 'Variety Agencies', which according to the appellant being strikingly similar to the registered trade mark of the appellant led

to immense confusion amongst the purchasing public. It is alleged that respondent obtained purchase orders from M/s. Bharati Airtel Limited and M/s. Kiran Kotak and Company, Mumbai taking advantage of confusion created and similarity in two trade names. The appellant administered warnings to the respondent, in vain. When the appellant initiated necessary action to approach the Court, the respondent requested for not doing so and entered into a Deed of Settlement on 19.10.2008 (not marked) accepting the ownership of the appellant to the trade mark 'VARIETY Dry Fruit Stores'. He agreed to relinquish the right on the trade name/trade mark 'VARIETY'. The respondent also agreed to withdraw the trade name 'Variety Agencies'.

Court Dispute In spite of executing settlement deed, the respondent carried on business. The appellant filed the suit for infringement and passing off and also sought ad interim injunction in I.A. No. 963 of 2009 restraining the respondent from using the trade mark 'Variety Agencies' or in any other form or any other trade mark deceptively similar to that of the appellant's trade mark 'VARIETY Dry Fruit Stores'. The respondent opposed ad interim injunction. He denied the allegations of infringement and passing off. He denied any exclusive right to appellant to use the word 'VARIETY' to the exclusion of the respondent as the latter is engaged in the business 'Variety Agencies' for the last twenty years since 1990.

His case was that the word 'Variety' being of generic nature cannot be assumed to be coined by the appellant. He also alleges that his business is different, in that besides being supplier of dry fruits and canned foods, he is a distributor cum stockists for Bicco, Sanghi Foods, Cremica Products, Wickfield Products, A.K. Products, Swastik Products, Mohan Mecans, MORTON, Golden Crown, ELLEMAK etc. He further alleged that there is no similarity of the trade mark

'Variety' as respondent is doing business for two decades that the document executed by and between the family members do not deprive him of establishing the business as is evidenced by the mention of 'Variety Agencies' in Ex.A.15, Will. He however did not dispute these agreements while disputing the legality of the settlement deed on 20.10.2008. He relied on Section 14 of Specific Relief Act, 1963, opposing grant of injunction.

Court Order

Whether the appellant is entitled for ad interim injunction restraining the respondent from using the trade mark 'Variety Agencies' as prayed for? This point was considered by the Court of I Additional Chief Judge, City Civil Courts, Secunderabad. The Court below considered Exs.A.1 to A.27 and Exs.B.1 to B.13 - marked with the consent of the parties - came to conclusion that the appellant failed in proving prima facie case and balance of convenience, the respondent had been carrying on the business 'Variety Agencies' since 1990, that the appellant did not approach the Court with clean hands and that the appellant never raised objection for the business carried on by the respondent and accordingly dismissed the interlocutory application. The reasoning for the said order is as follows.

As per the admitted case, both the petitioner and respondent are doing the business in dry fruits and other food items by using the word "Variety" in their trade name. The step brother of the petitioner also using the word "Variety" and doing the cloth business. The other contention of the respondent is that the petitioner filed the present petition because earlier the respondent's shop was located in a sub-lane towards Prenderghast Road and at that time the petitioner never had any objection any due to widening of the road, the general public are coming more and more to the

shop of the respondent as a means of convenience and there is no confusion or deception or similarity that the respondent gained in the business.

During the course of arguments, the learned counsel conceded that the profit of the respondent in the business is more than the petitioner and this must be the reason for the petitioner to approach the court by filing the suit for grant of perpetual injunction and for damages.

Admittedly, the respondent has not started the business recently and it is within the knowledge of the petitioner that the respondent has been doing the business since 1990, and the petitioner has not approached the Court with clean hands. Thus, the petitioner failed to prove prima facie case and balance of convenience is in favour of the respondent. Therefore, the petitioner is not entitled for equitable relief of injunction.

Arguments Counsel for the appellant Sri N. Subba Reddy relies on Exs.A.1 and A.2, the two certificates of registration of trade mark under Section 23(2) of the Act read with Rule 62(1) of the Trade Marks Rules, 2002 (the Rules, for brevity) and submits that two certificates are conclusive proof of ownership of trade mark of the appellant. When once such certificate is granted, the owner acquires a right in rem and an obligation is cast on all others not to use the trade mark. Next, relying on Exs.A.13 to A.17 he contends that the respondent retired from the firm 'VARIETY Dry Fruit Stores' by reason of Ex.A.14, Dissolution Deed, whereunder he agreed to relinquish all his rights in the business, trade name, trade quota and trade licences and therefore, he cannot carry on the business in the trade name 'VARIETY'. According to the counsel, the appellant acquired exclusive right to trade name 'VARIETY' even under Exs.A.15 and A.16 - the Will and Codicil respectively, as well as Ex.A.17; Relinquishment Deed; executed by his mother Jaya Ben. It is his further contention that the Deed of Settlement between the appellant and respondent is admissible in evidence and the same disentitles the respondent from using the word 'VARIETY' as the appellant has acquired Certificate of Registration under the Act. Lastly, he submits that the respondent having relinquished right and interest in the trade name under Ex.A.14 and having agreed not to use the name 'VARIETY' under Deed of Settlement continues to violate the obligation causing legal injury to the appellant warranting grant of injunction against infringement and passing off. He placed reliance on *Laxmikant V. Patel v. Chetanbhai Shah*¹ and *Ramdev Food Products Private Limited v. Arvindbhai Rambhai Patel*².

Senior Counsel Sri D. Prakash Reddy appearing for respondent made the following submissions. The word 'VARIETY' is descriptive name and is of generic nature. It is not coined by the appellant as a distinct word. When the respondent is doing business in the name of 'Variety Agencies' for the last two decades, he cannot be restrained from using the name 'VARIETY' especially when there is no registration of the word 'VARIETY' and the trade mark which is registered as 'VARIETY Dry Fruit Stores'. According to senior learned counsel, Section 15 of the Act contemplates such registration if the proprietor of a trade mark claims to be entitled to the conclusive use of a part of the trade mark as well. He relies on Exs.A.13 to A.17 in support of the contention that even the parents and other family members recognised the factum of respondent doing the business as 'Variety Agencies'. He next submits that as per Section 34 of the Trade Marks Act, the registration of the trade mark does not take away the vested rights of the respondents who is in the business for the last twenty years. He contends that the conduct of the parties, the vested rights of the respondent and absence of exclusive right to use the word 'VARIETY' disentitle grant of any injunction. Learned senior counsel has also placed before this Court a compilation of

the following decisions. Shid Chandra v. Goud Chandra³, Rama Pillai v. Pulasthiam Pillai⁴, Maung Pu v. Mounng Po Thant⁵, Sarwan Singh v. Mt. Malan⁶, Surana Commercial Company v. Food Corporation of India⁷, Mallaiah Rajeshwar & Co v. Gangadhar & Co⁸, F. Hoffmann-La Roche & Co v. Geoffrey Manners & Co⁹, Teju Singh v. Shanta Devi¹⁰, Wander Limited v Antox India Private Limited¹¹, J.R. Kapoor v. Micronix India¹², Uniply Industries Limited v. Unicorn Plywood Private Limited¹³, Godfrey Philips India Limited v. Girnar Food & Beverages (P) Limited¹⁴, Chennai Hotel Saravana Bhavan v Hotel Saravana Bhavan¹⁵, Rama Powerloom Tape Industries v. Associated Cotton Tape Industries Marketing Company¹⁶, Panacea Biotec Limited v. Recon Limited¹⁷, Virumal Pravin Kumar v. Needle Industries (India) Limited¹⁸, Rasiklal Manikchand Dhariwal v. Kishore Washwani¹⁹, Pioneer Nuts & Bolts Private Limited v. Goodwill Enterprises²⁰, Samrathrai v. Kasturbhai²¹ and Bhagvan v. Hiraji²².

Principles for grant of Injunction for Infringement and passing off (a) The Act and the Rules Trade Marks Act recognises and enforces an important Intellectual Property Right (IPR). Section 2(zb) of the new Act which came into force from 15.09.2003 defines trade mark means, 'a mark capable of being represented graphically and which is capable of distinguishing the goods or services of one person from those of others. Trade mark also means a registered trade mark or a mark used in relation to goods or services for the purpose of indicating a connection in the course of trade between the goods or services and some person having the right as proprietor to use the trade mark'. 'Trade mark' also means a mark used in relation to goods or services for the purpose of indicating the connection in the course of trade between the goods or services and some person having the right either as proprietor or by way of permitted users to use the mark and includes certification trade mark or collective trade mark. 'Certification trade mark' means a mark capable of distinguishing the goods or services certified by the proprietor regarding mode of manufacture of goods, for purpose of services, quality or accuracy or other characteristics of goods. 'Collective mark' is a trade mark distinguishing the goods or services or members of association, which is the proprietor of the mark from those of others.

Chapter III of the Act enumerates procedure for registration of a trade mark either any person claiming to be proprietor or a person desirous of registering a trade mark. When once the trade mark is registered and a certificate is issued under Section 23(1) and (2), it creates rights as well as obligations. These are dealt with by Chapter IV of the Act. In addition to conferring exclusive right to the use of trade mark (Section 28 (1)). The owner of the trade mark is also entitled to seek remedy in civil law and/or criminal law. Chapter XII deals with an offences and penalties for violating right to trade mark and Chapter XIII especially Section 134 deals with remedy in civil law by way of a suit for injunction for infringement of the trade mark or passing off a trade mark or any other matter relating to right in a trade mark. (b) Civil Liability and Criminal Culpability Section 29 describes nine kinds of infringement of trade marks in each of its nine subsections. These are 29. Infringement of registered trade marks.-(1) A registered trade mark is infringed by a person who, not being a registered proprietor or a person using by way of permitted use, uses in the course of trade, a mark which is identical with, or deceptively similar to, the trade mark in relation to goods or services in respect of which the trade mark is registered and in such manner as to render the use of the mark likely to be taken as being used as a trade mark.

(2) A registered trade mark is infringed by a person who, not being a registered proprietor or a person using by way of permitted use, uses in the course of trade, a mark which because of- (a) its identity with the registered trade mark and the similarity of the goods or services covered by such registered trade mark; or (b) its

similarity to the registered trade mark and the identity or similarity of the goods or services covered by such registered trade mark; or

(c) its identity with the registered trade mark and the identity of the goods or services covered by such registered trade mark, is likely to cause confusion on the part of the public, or which is likely to have an association with the registered trade mark.

(3) In any case falling under clause (c) of sub-section (2), the court shall presume that it is likely to cause confusion on the part of the public.

(4) A registered trade mark is infringed by a person who, not being a registered proprietor or a person using by way of permitted use, uses in the course of trade, a mark which- (a) is identical with or similar to the registered trade mark; and (b) is used in relation to goods or services which are not similar to those for which the trade mark is registered; and (c) the registered trade mark has a reputation in India and the use of the mark without due cause takes unfair advantage of or is detrimental to, the distinctive character or repute of the registered trade mark.

(5) A registered trade mark is infringed by a person if he uses such registered trade mark, as his trade name or part of his trade name, or name of his business concern or part of the name, of his business concern dealing in goods or services in respect of which the trade mark is registered.

(6) For the purposes of this section, a person uses a registered mark, if, in particular, he- (a) affixes it to goods or the packaging thereof; (b) offers or exposes goods for sale, puts them on the market, or stocks them for those purposes under the registered trade mark, or offers or supplies services under the registered trade mark; (c) imports or exports goods under the mark; or (d)

uses the registered trade mark on business papers or in advertising.

(7) A registered trade mark is infringed by a person who applies such registered trade mark to a material intended to be used for labelling or packaging goods, as a business paper, or for advertising goods or services, provided such person, when he applied the mark, knew or had reason to believe that the application of the mark was not duly authorised by the proprietor or a licensee.

(8) A registered trade mark is infringed by any advertising of that trade mark if such advertising- (a) takes unfair advantage of and is contrary to honest practices in industrial or commercial matters; or (b) is detrimental to its distinctive character; or (c) is against the reputation of the trade mark.

(9) Where the distinctive elements of a registered trade mark consist of or include words, the trade mark may be infringed by the spoken use of those words as well as by their visual representation and reference in this section to the use of a mark shall be construed accordingly. Section 101 describes the meaning of applying trade mark and trade descriptions and Section 102 describes falsifying and falsely applying trade marks. A perusal of these penal provisions would show that in one way or other, they deal with various types of infringements of trade mark. Both of these are culpable and punishable under Sections 103 to 109. Section 110 is an exception to Sections 102 to 105 and read as under. 110. No offence in certain cases The provisions of Sections 102, 103, 104 and 105 shall, in relation to a registered trade mark or proprietor of such mark, be subject to the rights created or recognised by this Act and no act or omission shall be deemed to be an offence under the aforesaid sections if, -

(a) the alleged offence relates to a registered trade mark and the act or omission is permitted under this Act; and

(b) the alleged offence relates to a registered or an unregistered trade mark and the act or omission is permitted under any other law for the time being in force.

Sections 134 and 135 of the Act read together provide for remedies in case of infringement of registered trade mark or passing off arising out of the use by the defendant of any trade mark, which is identical or deceptively similar to plaintiff's trade mark. The order of injunction which includes an ex parte injunction (Section 135 (2) of the Act) is an effective remedy available to the person wronged. In addition to injunction, the remedy of damages or an account of profits or both can be ordered subject to Section 135(3) of the Act, which provides for possible defences a defendant might plead. Therefore, when an ex parte ad interim injunction is asked in a suit for injunction for infringement or passing off, the Court has to keep in mind Sections 29, 103 to 109 and 135 of the Act. Any infringement or any criminal culpability resulting from such infringement or passing off certainly causes legal injury to the proprietor/owner of the registered/unregistered trade mark and as an interlocutory measure, the wrongdoer can be enjoined.

(c) Precedent law In common law passing off (like a form of infringement) is a tort.

Conceptually a man is not to sell his goods or services under pretence that they are those of another man. In *Erwen Warnink BV v. Townend & Sons (Hull) Ltd.*, 23, the House of Lords pointed out five elements of passing off - (i) Misrepresentation, (ii) Made by the trader in course of trade, (iii) the prospective customers of goods or services, (iv) which is calculated to impart the business or goodwill of another trader, and (v) which causes actual damage to business or goodwill of redressal seeker. Another common type of infringement is colourable imitation of a tool or machine. The innocent buyer will be carried away with colourable imitation and hence such adoption facilitates passing off without actual knowledge of the infringer. Except in the case of collective trade marks, joint ownership of trade mark is unknown.

Even if there are joint owners the trade mark can be used for the benefit of all and not in rivalry. "It is settled principle of law relating to trade mark that there can be one mark, one source and one proprietor. It cannot have two origins, which cannot be used in rivalry and in competition with each other."

(*Power Control Appliances v. Sumeet Machines (P) Ltd.*, 24 and *Ramdev Food Products (supra)*). Implied consent to use of the trademark acquiescence, plea of honest concurrent user, denial of monopoly in the trade mark, non-infringement, invalid registration are some of the defences available to infringement. But the registered trade marks passed through a full examination. Therefore, high presumption of validity and claims testing the validity of registration are rare. These are some of the aspects.

In *Diamler Benz Aktiengesellschaft v. Hybo Hindustan*²⁵ a manufacturer of underclothes started to use the trade mark BENZ for his goods. BENZ was a famous trade mark for motor cars. Diamler Benz filed a suit against Hybo Hindustan seeking an injunction restraining them from using BENZ in relation to the under clothes they were marketing. A single judge of the Delhi High Court granted an interim injunction restraining them from using BENZ in relation to the under clothes they were marketing, until the decision of the suit. In an appeal to a Division Bench of the Delhi High Court the order of the Single Judge was stayed. Diamler Benz then appealed to the Supreme Court. The Supreme Court held that the "Division Bench of the High

Court was not justified in granting stay of the operation of the order of the learned Single Judge during the pendency of the appeal. The case was settled by a compromise and Hybo Hindustan was given three months to dispose of the stocks of underclothes. Thereafter, they were restrained by a permanent injunction from using "BENZ". This case for the first time extended the scope of the relief that a plaintiff can obtain under the law relating to passing off. Relief against infringement is granted to a plaintiff in cases where the defendant uses the same or a deceptively similar trade mark as a registered trade mark in relation to same goods. Until the BENZ case, relief was against a defendant who used the same or deceptively similar unregistered trade mark in relation to the same goods or goods which passed through the same channels of trade as the goods of the plaintiff. For the first time the BENZ case gave relief to the proprietor of a famous trade mark in a case where the defendant used that trade mark in relation to totally unrelated goods.

In *N.R. Dongree v. Whirlpool Corporation*²⁶, respondent therein was the registered proprietor in India of the trademark WHIRLPOOL for washing machines. Due to miscommunication with their attorneys in America, the mark lapsed in 1977 for failure to renew it. Whirlpool Corporation enquired from its attorneys if the mark could be renewed and on being advised that a fresh application to register the mark had to be filed, they decided not to register it again. In or about 1994, Whirlpool Corporation decided to enter into a joint venture to manufacture washing machines. When they were in a position to market their washing machines they found that N.R. Dongree, a trustee of Chinar Trust has applied for and obtained registration of WHIRLPOOL for washing machines in the name of Chinar Trust.

In *J.N. Nicholas (Vimto) Ltd. v. Rose and Thistle*²⁷ a Division Bench of Calcutta High Court dealing with a case of trans-border reputation held as under:

Thus, a product and its trade mark transcends the physical boundaries of a geographical region and acquires a trans-border reputation not only through import of goods but also by its advertisement. The knowledge and awareness of the goods of a foreign trader and its trade mark can be available at a place where goods are not being marketed and consequently not being used. The manner in which or the source from which the knowledge has been acquired is immaterial.

The courts do not approve of any attempt by one trader to appropriate the mark of another trader, even though that trader may be a foreign trader and mostly uses his mark in respect of the goods available abroad i.e. outside the country where the appropriation of the trademark has taken place. As mentioned earlier awareness and knowledge of the mark in the latter country may be because of small trickle of goods in that country or through advertisement. The manner and method by which the knowledge of the mark is acquired by the public is of no consequence and will not matter. Thirdly the matter will have to be looked at from the point of view of the purchasing public. If it is possible for a purchaser of the respondent's product in India to do so under the impression that he is buying the appellant's product the respondents as the subsequent adopter of the mark must be restrained from doing so".

In *Allergan Inc v. Milment Oftho Industries*²⁸ Calcutta High Court observed:

The knowledge and awareness of a trade mark in respect of the goods of a trader is not necessarily restricted only to the people of the country where such goods are freely available but the knowledge and awareness of the same reaches even the shores of those countries where the goods have not been. When a product is launched and hits

the market in one country the cognisance of the same is also taken by the people in other countries almost at the same time by getting acquainted with it through advertisements in newspapers, magazines, televisions, video films, cinemas etc even though there may not be availability of the product in those countries because of import restrictions or other factors. In today's world it cannot be said that a product and the trademark under which it is sold abroad, does not have a reputation or goodwill in countries where it is not available. The knowledge and awareness of it and its critical evaluation and appraisal travels beyond the confines of the geographical area in which it is sold. This has been made possible by development of communication systems which transmit and disseminate the information as soon as it sent from one place to another. Satellite television is a major contributor of the information exploitation. Dissemination of knowledge of a trade mark in respect of a product through advertisement in media amounts to use of the trade mark whether or not the advertisement is coupled with the actual existence of the product in the market.

In *Central Industrial Alliance Ltd. v. Gillette UK Ltd*²⁹ Bombay High Court observed as follows:

In addition it has to be remembered that in respect of a consumer article such as a safety razor blade publicity does not take place merely by advertisements in India. Such items are advertised in foreign newspapers and magazines and these newspapers and magazines are circulated in India and are freely imported and presumably read. Apart from this judicial notice may be taken of a large number of Indians who go out temporarily to other countries mainly to the Middle East countries and who therefore had the opportunity to use the plaintiff's blades. These persons do not permanently settle down abroad and return to India after their two years of their stay.

In *Indian Shaving Products Ltd v. Gift Pack*³⁰ Delhi High Court had occasion to say:

The world with the passage of time has become almost just like a city on account of the technical advancements in technology such as wireless, telephone, television, cinema and computers so on and so forth, made by the people inhabiting this terra firma. Similar advancements have been made in the means of transport such as railways, ships, airlines. These days if a product is launched in a particular country the goodwill and reputation which a seller earns by selling his commodities in the market do not remain confined to the four corners of the said country. The reputation and goodwill and intrinsic worth of the said goods spread like a wild fire to every nook and corner of the world through magazines and newspapers, television, telephone, computers, films and cinema.

That a registered trade mark does not confer any new right and that it is only preserved and recognized by Sections 27(2) and 33 of the Act is the settled principle (*Laxmikanth V. Patel (supra)*). Be it noted, as per Section 27(2) of the Act, Trade Mark Act does not affect any pre-existing common law rights. Be it also noted, as per Section 33 of the Act, if a person acquiesced for a continuous period of five years in the use of registered trade mark being aware of such use, he cannot assail the validity of registration of the trade mark or oppose the use of such trade mark.

In *Power Control Appliances (supra)*; which is the case under Trade and Merchandise Marks Act, 1958, which now stands repealed by the new Act - the Supreme Court dealing with the question of acquiescence laid down as under.

Acquiescence is sitting by, when another is invading the rights and spending money on it. It is a course of conduct inconsistent with the claim for exclusive rights in a trade mark, trade name etc. It implies positive acts; not merely silence or inaction such as is involved in laches. In *Harcourt v. White*, (1860) 28 Beav 303 : 54 ER 382, Sr. John Romilly said: "It is important to distinguish mere negligence and acquiescence." Therefore, acquiescence is one facet of delay. If the plaintiff stood by knowingly and let the defendants build up an important trade until it had become necessary to crush it, then the plaintiffs would be stopped by their acquiescence. If the acquiescence in the infringement amounts to consent, it will be a complete defence as was laid down in *Mouson (J.G.) & Co. v. Boehm*, (1884) 26 Ch D 406.

(emphasis supplied)

In *Laxmikant V. Patel* (supra), the law is enunciated as follows.

A person may sell his goods or deliver his services such as in case of a profession under a trading name or style. With the lapse of time such business or services associated with a person acquire a reputation or goodwill which becomes a property which is protected by courts. A competitor initiating sale of goods or services in the same name or by imitating that name results in injury to the business of one who has the property in that name. The law does not permit any one to carry on his business in such a way as would persuade the customers or clients in believing that the goods or services belonging to someone else are his or are associated therewith. It does not matter whether the latter person does so fraudulently or otherwise. The reasons are two. Firstly, honesty and fair play are, and ought to be, the basic policies in the world of business. Secondly, when a person adopts or intends to adopt a name in connection with his business or services which already belongs to someone else it results in confusion and has propensity of diverting the customers and clients of someone else to himself and thereby resulting in injury. In *Ramdev Food Products* (supra), dealing with the question of waiver, the Supreme Court held.

The matter may be considered from another angle. If the first respondent has expressly waived his right on the trade mark registered in the name of the appellant Company, could he claim the said right indirectly? The answer to the said question must be rendered in the negative. It is well settled that what cannot be done directly cannot be done indirectly.

The principles in relation to grant of interim injunction in a suit for infringement or passing off a trade mark have been explained by the Supreme Court in *K.E. Mohammed Aboobacker v. Nanikram Maherchand*³¹. These principles have been approved by the Supreme Court in *Power Control Appliances* (supra). It is necessary to excerpt them.

As a temporary injunction is merely of a provisional nature and does not conclude the rights of the parties in any way, the Court will exercise its discretion in favour of the applicant only in strong cases. The plaintiff must make out a prima facie case in support of his application for the ad interim injunction and must satisfy the Court that his legal right has been infringed and in all probability will succeed ultimately in the action. This does not mean, however, that the Court should examine in detail the facts of the case and anticipate or prejudice the verdict which might be pronounced after the hearing of the suit or that the plaintiff should make out a case which would entitle him at all events to relief at the hearing. In fact the Court will not ordinarily grant an interlocutory injunction if a large amount of evidence is necessary to support the plaintiff's case. The proper course in such a case is to ask for the trial of the action.

The injury must be actual or imminent. Where the defendant disputes the plaintiff's title to the mark or contends that the plaintiff is not entitled to relief by reason of the acquiescence or delay or other estoppel or of the defendant's concurrent rights, the Court will be guided by the balance of inconvenience which may arise from granting or withholding the injunction as well as the justice of the cause after considering all the circumstances in the suit. In other words, where the plaintiff's title is disputed or the fact of infringement or misrepresentation amounting to a bar to the action or some other defence is plausibly alleged upon the interlocutory motion, the Court in granting or refusing the interim injunction is guided principally by the balance of convenience that is by the relative amount of damage which seems likely to result if the injunction is granted and the plaintiff ultimately fails or if it is refused and he ultimately succeeds. From the case law discussed herein above, the following principles are relevant for the purpose of this case. If a trade mark is used for long time by the proprietor or owner of such trade mark (whether registered or not), mere subsequent use of or deceptive use of such trade mark by another does not render the registration invalid or illegal. In such a case, the waiver or acquiescence does not disentitle the wronged to seek necessary redressal because what cannot be done directly cannot be allowed to be done indirectly. Lastly, if the trade mark is registered, it has to be respected and cannot be violated whether or not the parties arrive at a settlement either to use or not to use such trade mark.

While considering interlocutory applications for grant of temporary injunctions under Section 135(2) of the Act read with Order XXXIX Rules 1 and 2 of Code of Civil Procedure, 1908 (CPC), the Court must keep in mind Sections 29 and 101 to 109 of the Act as well as other aspects regarding registration, the extent of infringement and the extent of damage that would likely be caused to plaintiff.

Whether case is made out for Injunction Jamnadas Devji started dry fruit business, M/s. VARIETY Dry Fruit Stores in 1955. He and brother of respondent were partners from 03.02.1968 to 1997, when respondent also joined as a partner. Under Ex.A14, the firm consisting of father and two sons through his first wife was dissolved. Respondent is a party to dissolution deed. Under clause 6 thereof, respondent relinquished his rights in the partnership business, trade name, trade quota and other licences as on 31.3.1990. These facts are not denied. From these the conclusions that emerge are that M/s. VARIETY Dry Fruit Stores commenced in 1955, that it acquired a trade name, namely, M/s. VARIETY Dry Fruit Stores and that under Ex.A14 respondent relinquished his right in the trade mark and/or trade name.

In 1990 respondent commenced dry fruits business in Paradise Complex, Secunderabad, which also deals in dry fruits. In the mean while Jamnadas continued business. Under Ex.A15 Will and Ex.A16 Codicil, he made arrangement with appellant, got hold over the business in M/s. VARIETY Dry Fruit Stores. The said right of appellant became annual income word by reason of Ex.A17 under which Jaya Ben, second wife of Jamnadas, relinquished her 50% share in favour of appellant. Therefore, from 13.1.1999, when Ex.A17 executed by Jaya Ben, appellant alone became entitled to the trade name, trade licence, goodwill and reputation in M/s. VARIETY Dry Fruit Stores. These facts are also not in dispute.

The appellant approached the Registrar of Trade Markets, Mumbai. After due observance of formalities, the said Authority issued Certificate or Registration of trade mark under Section 23(2) of the Act and Rule 16(1) of the Rules for dry fruits and other articles included in clause 29 and yet another certificate for coffee, tea, coke, sugar etc., included in clause 30. After taking such registration certificates, he raised objection. It appears, to avoid the dispute snowballing into a war, the two

stepbrothers entered into a settlement on 19.10.2008. In the said deed of settlement, the parties agreed that the appellant is registered owner of M/s. VARIETY Dry Fruit Stores. The parties thereto also agreed that it is appellant, who is running the business under the brand name, M/s. VARIETY Dry Fruit Stores and, therefore, second party agreed/expressed willingness to relinquish the rights in the trade name or trade mark "VARIETY". The respondent further agreed to withdraw trade name, M/s. Variety Agencies, from 01.04.2009. These facts are also admitted. A submission, however, is made that deed of settlement without registration is not admissible in evidence and further that under the said settlement, respondent only expressed his willingness to relinquish rights in trade mark "VARIETY" but he did not actually relinquish such right. This submission is devoid of any merit. The fact remains that the respondent is a party to the deed of settlement, that he is aware of registration of trade mark in favour of appellant, that there is a similarity when M/s. VARIETY Dry Fruit Stores run by the appellant and M/s. Variety Agencies run by the respondent and that the brand name/trade name/trade mark "VARIETY" belongs to the appellant alone.

From the factual analysis as above based on documentary evidence on record, it is very clear that the respondent having relinquished his right in the business under Ex.A14 dated 02.4.1990, cannot prima facie claim any right or interest in the trade name/ trade mark "VARIETY". Even if he statedly carried on the business M/s. Variety Agencies, from April 1990 as alleged by him in the counter affidavit, the same does not divest the appellant of the exclusive common law right in the trade mark "VARIETY", which was only came to be recognized after issue of Exs.A1 and A2 (Certificates of Registration). The use of the word "VARIETY" in the name of shop M/s. Variety Agencies run by respondent does not operate as a waiver or licence on the part of the appellant. In that view of the matter, any reliance placed on Section 34 of the Act is misconceived. Further by executing deed of settlement (not marked), the respondent himself agrees that the name of business run by him, M/s. Variety Agencies, is similar or deceptively similar to the trade name/trade mark of the appellant, M/s. VARIETY Dry Fruit Stores. Therefore, it is clearly an infringement under Section 29(a) and (b) of the Act. Even if the respondent applied for rectification, unless and until he succeeds in such an endeavour, he cannot be permitted to use the word "VARIETY" because there is very strong presumption in favour of the person, who obtained such certificate of trade mark. In such an event if the respondent is not enjoined merely on the ground that he has been carrying on the business from April 1990, it would certainly amount to ignoring the law. One cannot lose sight of the fact that from 1955 till 1990 and thereafter till now, it is only appellant or his predecessors, who are using the trade name "VARIETY" for longer time. Respondent who started using the name in violation of common law right of appellant and/or his predecessors cannot be said to have balance of convenience in his favour.

Learned trial Judge committed error in dismissing the interlocutory application.

In the result, for the above reasons, the civil miscellaneous appeal is allowed. Accordingly, I.A. No. 963 of 2009 filed by appellant stands allowed.

Respondent is restrained either by himself, his employees, agents, servants or others from using the trade mark "VARIETY Agencies" or any other trade mark deceptively similar to the trade mark of appellant, M/s. VARIETY Dry Fruit Stores, until further orders. We make it clear that the conclusions, findings and observations in this order are intended for the purpose of this order alone and they shall not bind the trial Court when the suit is finally disposed of.

As the appellant and respondent are stepbrothers, we leave them to bear their

respective costs.

?1 (2002) 3 SCC 65 : AIR 2002 SC 275

2 (2006) 8 SCC 726 : AIR 2006 SC 3304

3 AIR 1922 Cal 160

4 AIR 1923 Mad 330

5 AIR 1928 Rangoon 144

6 AIR 1929 Lahore 169

7 1996 (4) ALD 732

8 1963 (2) An.W.R. 203

9 AIR 1970 SC 2062

10 AIR 1974 AP 274

11 1990 (Supp) SCC 727

12 1994 Supp (3) SCC 215

13 AIR 2001 SC 2083

14 (2004) 5 SCC 257

15 2005 (4) ALD 263

16 1987 (1) ALT 592

17 1996 (TLS) 102135

18 2001 (TLS) 125406

19 2005 (TLS) 1319615

20 2008 (TLS) 140279

21 AIR 1930 Bom 216

22 AIR 1932 Bom 516

23 (1979) AC 731

24 (1994) 2 SCC 448

25 AIR 1994 Delhi 239

26 AIR 1995 Delhi 300

27 1994 PTC 83

28 1999 PTC (19) 160 (DB)

29 1998 PTC (18) (DB)

30 1998 PTC (18) 698

31 (1957) 2 MLJ 573

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