

IN THE HIGH COURT FOR THE STATE OF TELANGANA AT : HYDERABAD

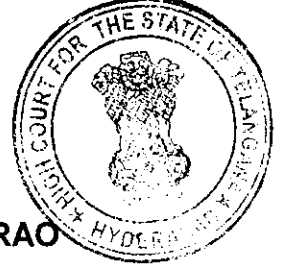
WEDNESDAY, THE THIRTEENTH DAY OF MARCH

TWO THOUSAND AND NINETEEN

PRESENT

THE HONOURABLE SRI JUSTICE M.S.RAMACHANDRA RAO

CIVIL MISCELLANEOUS APPEAL NO: 1246 OF 2018



Appeal Under Order XLIII Rule 1(R) R/w Section 151 of Civil Procedure Code against order dated 10.10.2018 passed in I.A.No.820 of 2016 in O.S.No.476 of 2018 on the file of the IX Additional Chief Judge, City Civil Court at Hyderabad

Between:

M/s SWAGATH MOTELS PRIVATE LIMITED, 9-32 Lalitha Nagar Opp Dilshuknagar Bus Depot Dilshuknagar Hyderabad Telangana - 500060 Rep. by Managing Director M.Kishore Reddy S/o Vidya Sagar Reddy aged about 51 years

...APPELLANT/ Respondent/ Defendant

AND

M/s. HOTEL SWAGATH, A partnership Firm, rep. by its partner Mr. D.Ravinder S/o D.Veeraswamy aged about 51 years D.NO.6-3-569/1/4/2 Dhanturi's Building Opp RTA Office, Somajiguda, Hyderabad, Telangana

...RESPONDENT/Petitioner /Plaintiff

IA NO: 1 OF 2018

Petition under Section 151 CPC praying that in the circumstances stated in the affidavit filed in support of the petition, the High Court may be pleased to suspend the operation of the impugned order passed in I.A.No.820/2016 in O.S.No.476/2014 dtd.10-10-2018 passed by the IX Additional Chief Judge, City Civil Court at Hyderabad.

Counsel for the Appellant : Dr. VENKAT REDDY DONTI REDDY

Counsel for the Respondent : SRI K.HEMA PRAKASH RAO

The Court delivered the following: -

THE HON'BLE SRI JUSTICE M.S.RAMACHANDRA RAO

Civil Miscellaneous Appeal No.1246 of 2018

JUDGMENT:

This Civil Miscellaneous Appeal is filed under Order XLIII rule 1(R) of the Civil Procedure Code, 1908 challenging the order dt.10.10.2018 in I.A.No.820 of 2016 in O.S.No.476 of 2018 of the IX Additional Chief Judge, City Civil Court, Hyderabad.

2. The appellant herein is the defendant in the above suit.
3. The respondent/plaintiff filed the said suit for Permanent Injunction restraining the appellant and their servants, etc., and all other persons claiming under them or acting in concert with them or acting at their instance from infringing the exclusive statutory right to the registered trademark 'SWAGATH' and common law right to the trade name/trademark/service mark 'SWAGATH' of the petitioner and from passing off their business under the impugned trade name consisting of 'SWAGATH' with or without any laudatory epithet or generic or descriptive expression as its prefix or suffix depicted in any form or in any language, which is identical with or similar or deceptively similar, either visually, phonetically or structurally to the petitioner's registered trade name/trade mark/service mark, 'SWAGATH' as the business of the respondent; to deliver all the labels, carry bags, packing material, sign boards bearing the impugned

trade name/trade mark/service mark consisting of the word 'SWAGATH' and all other articles which are or may be intended to be used in connection with the said business of the appellant for destruction and also grant damages of Rs.50,000/- for having caused loss to the business of the respondent bearing their registered trademark consisting of 'SWAGATH' and costs.

THE CASE OF RESPONDENT IN THE PLAINT:

4. In the plaint, the respondent/plaintiff contended that it is one of the largest renowned and reputed business houses running the services of hotels, snack bars, food catering and restaurants under the trade name/trade mark/service mark, 'SWAGATH' preceded by the generic or descriptive expression 'Hotel' and had been rendering such services since 1991. It is its contention that it is a partnership firm registered with Registrar of Firms of the Composite State of Andhra Pradesh on 26.05.1994; that the firm had been continuously, openly and extensively rendering such services under the said service mark since 1991; and its services are identified/recognized and known as 'SWAGATH' among the members of the public in general and the customers who patronize its services in particular.

5. Respondent submitted that *in 1993 it created an artistic logo consisting of the letters 'H' and 'S' being the acronym of their trade name 'HOTEL SWAGATH', that they are originators of artistic work in the logo and enjoy the copyright therein.* It contended that *it applied*

*for registration of the composite label containing the logo consisting of letters 'H' & 'S' and the expression 'HOTEL SWAGATH' under the Trade Marks Act, 1999 and obtained Registration No.2022183 in Clause 43 in respect of the services i.e., providing food and drinks, catering, hotels, restaurants and snack bars; accommodation bureaux (hotels), rentals of temporary accommodation, canteens, bar services, holiday camp services (lodging). It also claimed that it had sought registration of the mark 'SWAGATH' (the word *per se*) under No.2037599 in Class 43 in respect of the same description of services as mentioned above.*

6. The respondent also stated that it granted license/permission in 2003 to 'Swagath Marriage and Function Hall (a partnership firm) and Dhanturi Group of Hotels Pvt., Ltd., to render hotel services under the name and style consisting of 'SWAGATH' as a key word or main feature with liberty to add any further suffix or suffixes in the twin cities of Hyderabad and Secunderabad, subject to their supervision and quality control, and 9 hotels consisting of the word 'SWAGATH' as the main feature or key word are existing under its control and supervision in the twin cities of Hyderabad and Secunderabad.

7. The respondent alleged that it learnt that appellant had started rendering identical description of services under the trade name/trade mark/service mark, 'SWAGATH GRAND HOTEL' which is identical with or similar to the main feature or key word of the trade name/trade

mark/service mark 'HOTEL SWAGATH' of the respondent; that it got issued a Cease and Desist Notice dt.15.02.2016 and dispatched it to two different addresses of the appellant - one being Dilsukhnagar address mentioned by them in their Application No.2018634 in class 43 for registration of the trade mark 'HOTEL SWAGATH', and another notice to a Banjara Hills address; that the notice sent to Dilsukhnagar Address was returned un-served; but the appellant sent a reply to the notice received at their Banjara Hills address through it's counsel denying all the claims and allegations contained in the notice claiming that the *appellant had been using 'SWAGATH GRAND' from 2008 onwards*; that even prior to that in 2004 also they had started hotels under the name and style of 'HOTEL SWAGATH' and there had been no objection from any quarter including the respondent.

8. The respondent contended that in the website of the Trade Mark Registry of Government of India it is disclosed that the appellant had filed three applications for registration of the Logo consisting of the letter 'S' under different categories for different services; that two of those applications were treated as abandoned or refused since the appellant did not produce any documentary evidence in support of the use claimed by it from 01.11.1996, and since the appellant itself was incorporated on 03.07.2007. It is alleged that the claim of the appellant that it is rendering services since prior to 2004 under the trade name/trade mark/service mark 'SWAGATH' or 'SWAGATH GRAND' are false to its knowledge, and the appellant is only a

subsequent user of the said trade name/trade mark/service mark 'SWAGATH GRAND HOTEL' whose main feature being 'SWAGATH', its first suffix 'GRAND' being a laudatory epithet and the second suffix 'HOTEL' being generic or descriptive.

9. It is alleged that the appellant had a malafide/dishonest intention in adopting identical trade name/service mark for identical/similar services and these actions are nothing but passing off the appellant's business/service as the business/services of the respondent, and to make easy gains for themselves at the cost of the reputation and goodwill built over the trade name/trade mark/service mark of the respondent at a very heavy cost and the appellant not be allowed to usurp the rights of the respondent. It is contended that the use by the appellant of the impugned mark consisting of 'SWAGATH' as the main feature thereof amounts to encroaching the rights to the registered mark of the respondent, since the respondent being the registered proprietor of the mark 'SWAGATH' claims statutory rights to the exclusion of the others including the appellant.

10. The respondent therefore sought permanent injunction as mentioned above alleging that no other alternative remedy is available to it to compound the damage caused to its business and since it is the registered proprietor and prior user of the trade name/trade mark/service mark 'SWAGATH' and the appellant is only a subsequent user of the same.

THE WRITTEN STATEMENT FILED BY APPELLANT:

11. Appellant filed Written Statement opposing the suit claim and also filed counter affidavit in I.A.No.820 of 2016 contending that the respondent was not competent to file the suit for relief of infringement against the appellant restraining it from using the trade mark/service mark 'SWAGATH' as the word per se is not registered on the name of the respondent as claimed in the suit; that this amounts to making a false representation; and since the respondent had approached the Court with unclean hands, it is not entitled to the equitable relief of injunction.

12. It is contended that the word 'SWAGATH' is common to trade and no one can monopolize the said word and the registered trade mark is not stated to be infringed if the trade name/trade mark/ is used in relation to the bonafide description of the character or quality of goods or services and if it is the description of the services.

13. It also contended that the Trade Mark application for 'SWAGATH' vide application No.2037599 was for the goods in Class-43 and it is opposed by the partners of the appellant vide opposition No.836598; and the trade mark 'HOTEL SWAGATH' is subject to rectification proceedings before the Intellectual Property Appellate Board.

14. The appellant then contended that respondent had entered a Partnership Deed with the family members of the appellant on

01.11.1996 and the said firm is registered at the Registrar of Firms in the name of "HOTEL SWAGATH"; as per this Deed, Sri D.Harishankar, Sri D.Bhaskar and Sri D. Ravinder (the deponent in the plaint and in affidavit filed in the I.A.) are the partners for the last 20 years along with Mrs.Anupama, the wife of Sri M. Kishore Reddy, the deponent of the written statement/counter in the I.A., and Mrs.Pushpamala, the mother of Sri M. Kishore Reddy. It is contended that in view of the Partnership Deed dt.01.11.1996, 'HOTEL SWAGATH' had come into existence from 01.11.1996 only and that it is operating from Ameerpet since 1996.

15. It is contended that the family members of the deponent and the appellant are partners with the respondent firm and all the meetings of the firm are being attended by authorized representative/Managing Director of the appellant and his family members. It is alleged that subsequent to the said Partnership Deed coming into existence, several hotels are being run with the word 'SWAGATH' as part of the composite name by the partners of the respondent and appellant family members at several places such as Chikkadpally under the brand name 'SWAGATH CRYSTAL' etc.

16. It is alleged that partners of the respondent and appellant family members have been *using the word 'SWAGATH' as part of the name of the hotel bonafidely, honestly and concurrently without any interruption*, and that the respondent and appellants are business

partners running hotels under different names from different places in which the word 'SWAGATH' is part of the hotel name and are sharing the profits of the business as on the date of filing of the Written Statement.

17. It is contended that Sri M. Kishore Reddy, who is authorized representative/Managing Director of the appellant firm and his brothers along with the partners of the respondent's firm, Sri D.Bhaskar, Sri D.Ravinder and Sri D.Harishankar floated a company by name M/s Sinduri Hotels and Resorts Pvt. Ltd., on 09.11.2004 and are operating the hotels under the name 'HOTEL SWAGATH RESIDENCY' and 'HOTEL SWAGATH PARADISE' at Chandanagar, Hyderabad and Hotel "SWAGATH-DE-ROYAL' at Kothaguda Cross Road, Kondapur, Madhapur, Hyderabad of which the word 'SWAGATH' is part of the hotel name and is being used as part for last 12 years.

18. It is contended that the respondent suppressed this fact and approached the Court with unclean hands.

19. According to the appellant, it had also floated another company under the name and style M/s.Swagath Mandadi Hotels Pvt. Ltd., on 03.07.2017 and the name was later changed to 'M/s Swagath Motels Pvt. Ltd.' on 04.01.2008, and it is running several hotels under the brand name "HOTEL SWAGATH GRAND".

20. It is contended that the respondent is aware of the 'HOTEL SWAGATH' brand for long time and the said flagship name was coined by the appellant firm and the services rendered by it in the market are identified as those of the appellant company only and none others, and it was the respondent who copied the appellant's firm/brand name and started using the trade mark coined by the appellant. Therefore, the appellant reserved the right to challenge the use of the word 'SWAGATH GRAND' by the respondent and its partners by filing an appropriate suit.
21. It is further alleged that the appellant had filed an application for registration of its trade mark under the name 'HOTEL SWAGATH' on 05.09.2016 vide Application No.2018634 which is prior to that of the respondent, whose application was filed on 14.10.2010.
22. It is also contended that the appellant firm had opposed registration of the trade mark of the respondent by filing opposition No.836598 and it is pending for adjudication before the Trade mark Registry, Chennai. It is stated that appellant also filed an application for registration of the trade mark 'SWAGATH GRAND HOTEL' vide Application No.2111139, which is pending adjudication before the said Registry.
23. It is denied that the respondent is running its services in hotel business under the name 'HOTEL SWAGATH' since 1991 and it is pointed out that as per the documents filed by the respondent the user

status mentioned in the respondent's trade mark application is only since 24.10.1993 and 'HOTEL SWAGATH' was registered only on 26.05.1994 and so there is no existence of the name 'HOTEL SWAGATH' prior to May, 1994. It is also pointed out that the respondent did not file Partnership Deed to establish that the firm is having the name of 'HOTEL SWAGATH'; and the Partnership Deed dt.09.04.1991 filed by the respondent indicates that the Partnership Firm is in the name of 'SWAGATH VEGETARIAN RESTAURANT' and there is no relation between the Certificate of registration of the Firm and the Partnership Deed filed by the respondent.

24. It is also contended that the Partnership Deed dt.01.11.1996 entered into by the partners of the respondent with the appellant's family members Mrs.M.Anupama and Mrs.M.Pushpamala reveals that the said Partnership Deed is entered under the name 'M/s. HOTEL SWAGATH' which implies that there is no existence of brand name 'HOTEL SWAGATH' prior to 01.11.1996.

25. It is contended that the brand name 'SWAGATH' is the property of the appellant's family members *and* the partners of the respondent's firm, and the respondent cannot claim any exclusive right over the word 'HOTEL SWAGATH'.

26. It is also pointed out that the trade mark has to be registered as a whole and it cannot be dissected and compared for the purpose of comparison in the cases of passing off and infringement, and since the

respondent is claiming registration of trade mark/service mark, which is a composite mark and it is registered as a device, the respondent cannot pick up the word 'SWAGATH' from the composite trade mark and cannot claim monopoly rights over the word 'SWAGATH'.

27. It is contended that the respondent's trade mark consists of the word 'SWAGATH' and 'HOTEL' and as per Section 17 of the Trade marks Act, 1999, respondent can only claim rights over the composite trade mark consisting of the words 'HOTEL' & 'SWAGATH' and Logo consisting of the characters 'S' and 'H'.

28. It is also contended that the Registrar of Trade marks has initially objected for registration of the trade mark proposed by the respondent vide Application No.2022183 for the Rules in clause-43 as per Section 11 of the Trade marks Act, 1999 as similar trade marks are in the process of registration in the name of different entities; and the respondent in its reply to such objection in the Examination Report stated that *the respondent's trade mark is for registration as a device and that the marks reflected in the Search Report are Word Marks and channel of distribution and service circle for Applicant's trade mark is different from other marks.* It also admitted therein that under Section 12 of the Trade marks Act, 1999 similar trade marks can be registered if the respondent if the respondent is honest and concurrent user.

29. It is therefore contended that even according to the respondent itself, trade mark is registered as a device and is different from other word marks and now the respondent cannot turn around and contend that both are similar to each other, particularly, when the respondent itself stated that they are honest and concurrent users implying that they are not the exclusive users of trade mark 'HOTEL SWAGATH'.

30. It is contended that the respondent filed another application for registration of the trade mark 'SWAGATH' vide Application No.2037599 for the goods in Class-43 which was opposed by the appellant's wife, Mrs.Anupama and his mother Mrs.Pushpamala, who are also partners of respondent-firm vide Opposition No.836598 and the same is pending adjudication.

31. The Certificate issued by the Chartered Accountant filed by the respondent regarding the turnover of 'HOTEL SWAGATH' since 1991 is also disputed.

32. It is contended by the appellant that there is no violation of any rights of the respondent under the Trade marks Act, 1999 or Copy Rights Act, 1957.

33. It is contended that the respondent is aware of the existence of the appellant's trade mark/service mark as 'HOTEL SWAGATH' which was in existence since 1991 being run under 'Swagath Hotels Private Limited' in which the appellant's family members and respondent are shareholders, and the respondent's family members are

shareholders in the appellant's company and the family members of the appellant were partners in the respondent-firm by name 'HOTEL SWAGATH' since 1996.

34. It is further contended that suit filed by the respondent suffers with delay, laches and acquiescence; that the respondent is not the registered owner of the trade mark 'SWAGATH' but has misrepresented as if he is the registered owner of the trade mark 'SWAGATH'; that the word 'SWAGATH' is a generic and common word and so the respondent cannot make any independent claim over the word 'SWAGATH'.

CLAIM IN I.A.No.820 OF 2016 :

35. Along with the plaint, the respondent filed I.A.No.820 of 2016 invoking Order XXXIX Rules 1 & 2 CPC and sought temporary injunction restraining the appellant and all persons claiming through the appellant or acting in concert with them or acting at their instance from infringing the exclusive statutory right to the registered trade mark 'SWAGATH' and common law right to the trade name/trade mark/service mark 'SWAGATH' of the respondent and from passing of their business under the impugned trade name consisting of 'SWAGATH' with or without any laudatory epithet or generic or descriptive expressions as its prefix or suffix depicted in any form or in any language, which is identical with or similar or deceptively similar, either visually, phonetically or structurally with the respondent's trade name/trade mark/service mark 'SWAGATH' as the

business of the respondent. The respondent reiterated it's pleas in the
plaint.

36. In this application, the respondent herein marked Exs.P1 to P19
while the appellant marked Exs.R1 to R35.

COUNTER IN I.A. :

37. The appellant filed counter affidavit reiterating the contentions
in the Written Statement and opposing the relief of temporary
injunction to the respondent and sought to dismiss the I.A.

ORDER OF THE LOWER COURT :

38. By order dt.10.10.2018, IX Additional Chief Judge, City Civil
Court, Hyderabad allowed the I.A.No.820/2016 with costs and
granted ad-interim injunction restraining the appellant and all persons
claiming under it from encroaching the common law right to the trade
mark 'SWAGATH' of the respondent and passing off their business
under the trade name consisting of 'SWAGATH' with suffixes and
prefixes whatsoever, till the disposal of the suit.

39. The trial court noted that the Partnership Deed dt.01.11.1996
(Ex.R11) indicates that originally there are only two partners i.e.,
D.Ravinder and D.Harishnakar, after the death of one partner
D.Bhaskar, and observed that whether partnership of 1991 is
dissolved or continues to exist and whether the appellant continues to
be one of the partners of the respondent-firm are issues for trial.

40. It then noted the contention of the respondent that the respondent is prior user of the trade mark/service mark 'SWAGATH' and that it claims that it was continuously rendering services under the said trade name and observed that the word 'SWAGATH' is a key word or main feature, and the respondent's services were identified, recognized and known as 'SWAGATH' among the public and the customers who patronize their services.

41. It then noted that in 1993, respondent created an Artistic Logo consisting of the letters 'H' and 'S' for their trade name 'HOTEL SWAGATH' and the registration of the composite label consisting of the Logos and the expression 'HOTEL SWAGATH' was obtained in 1999 vide Registration No.2022183 and it also sought for registration of the word 'SWAGATH' *per se* vide No.2037599.

42. The Court below then referred to the contention of the appellant that a Partnership Firm under the name and style 'M/s. HOTEL SWAGATH' was formed on 01.11.1996 in which wife and mother of Mr.M.Kishore Reddy, representing the appellant-company were partners along with D. Ravinder and D. Harishankar, but it went on to state that respondent had denied the formation of any Partnership Firm on 01.11.1996, though a Xerox copy of the Partnership Deed, Ex.R-11 dt.01.11.1996, was filed by the appellant; and the existence or non-existence of the said Partnership is again a matter for trial.

43. It also recorded that from a *prima facie* reading of the said document it appears that D.Ravinder and his brothers were running 'Swagath Vegetarian Restaurant' at Somajiguda and Ameerpet, which shows that respondent is the prior user of the trade name/service mark 'SWAGATH'.

44. It then noted that the appellant contends that it had been using the trade mark from 2008 and the fact that the respondent did not deny anywhere that the appellant is not its partner.

45. It acknowledged that from the composite Logo and trade mark 'HOTEL SWAGATH GRAND' of the appellant the word 'SWAGATH' is appearing predominantly; that the registration of the respondent is for the present suspended due to rectification application filed by the appellant, which are being contested before the Registrar of Trade Marks at Chennai; and held that *the respondent did not make out a prima facie case under the infringement of trade mark*, but there is a *prima facie* case as to passing off action which is governed under the common law.

46. Though it noted the contention of the appellant that the respondent filed an affidavit before the Registrar of Trade mark that the mark of the appellant is different from Ex.R3, which is the response of the respondent to the word mark search report, and that the respondent is now taking an inconsistent plea that the mark is similar, in page 16 of its order, *it declined to decide the question of*

similarity or dissimilarity of the trade mark stating that it is the contention which touches the main issue in the main case and that such issue cannot be considered in the interim application I.A.No.820 of 2016.

47. But at page 18 of its order, it observed that *there is a malafide intention on the part of appellant in adopting identical trade mark as that of the respondent* and this amounts to nothing but passing off the appellant's business as business of the respondent in order to make easy gains at the cost of reputation and goodwill built over the respondent's trade mark 'SWAGATH'.

48. It therefore concluded that the appellant cannot be allowed to usurp the rights of the respondent and reap, without sowing, the benefits of the use of the impugned mark consisting of 'SWAGATH' as main feature.

49. It held that balance of convenience is with the respondent, who had been using the word 'SWAGATH' as part of their trade name/service mark way back from 1991; and the respondent being a prior user, it cannot be sufficiently be compensated and great injury would be caused to the respondent if the appellant is permitted to use the word 'SWAGATH'.

50. Assailing the same the present Civil Miscellaneous Appeal is filed.

CONTENTIONS OF THE APPELLANT

51. Counsel for the appellant contended that the order passed by the court below is not sustainable since the lower Court presumed wrongly that the respondent had registered the word 'SWAGATH' as its trademark, which is factually incorrect, because what the respondent had actually registered is a device containing the logo consisting of the characters 'S' & 'H' in a circle beneath which was written the words 'HOTEL SWAGATH'; and the prayer in the suit and the interim injunction application did not refer to the device as a whole but only projected as if there is a registered trademark of the word 'SWAGATH' in favor of the respondent, when there is in fact no such registered trademark of the word 'SWAGATH' *per se* in favour of the respondent as yet.

52. He next contended that whether for deciding the question of infringement of trademark or the question whether there is any passing off by the appellant of its services as those of the respondent, a *prima facie* finding as to the similarity or dissimilarity of the trademark used by the appellant with that of the respondent was necessary; but in page 16 of its order, the lower Court refused to go into the said issue stating that 'it touches the main issue in the main case'; and later it suddenly jumps to a conclusion at page 18 that the appellant is adopting an 'identical' trademark being used by the respondent without any factual basis for the same.

53. He also pointed out that the Registrar of Trademarks, Chennai, had written to the respondent in regard to its application No.2022183 when the respondent proposed to register its device pointing out that the appellant was already using a trade name 'SWAGATH GRAND HOTEL'; and on 04.05.2012 the respondent had replied to the Registrar vide Ex.R-3 stating that its application is for registration of device of 'HOTEL SWAGATH', while the marks reflected in the search report of the Registrar are trademarks for the registration of the 'word' mark, and also the channel of distribution and service circle for the respondent's trade mark is *different* from other marks and to consider registering the respondent's mark under the Trademarks Act, 1999; and having thus stated that its device was different from the appellant's mark, the respondent cannot now turn around and say that there is similarity between the two and the appellant should be restrained from using the mark 'SWAGATH GRAND HOTEL' in the suit and in the Interim Application.

54. He contended that this contention of the petitioner was noted but not answered by the lower Court in its order and the stand of the respondent that its device is different from the appellant's mark disentitles the respondent from seeking any relief.

55. He also referred to the close relationship between the families of Sri M.Kishore Reddy representing the appellant's Company and Sri D.Ravinder representing the respondent's Firm and in particular to the

Partnership Deed dt.01.11.1996 (Ex.R-11), which showed that the wife and mother of M.Kishore Reddy were partners along with Sri D.Ravinder and his brothers in the said Firm. He pointed out that such close business relationship would imply that Sri D.Ravinder and the respondent's firm would be aware of the use of the term 'SWAGATH' in the business activities of the appellant from 2008 itself and this makes the appellant a prior user of the trade name/service mark 'SWAGATH' since the respondent's application for registration of its device is only in 2010, after 2008.

56. He also referred to other documents which are filed in the Court below to point out that there are several businesses being run under the name 'SWAGATH' and the respondent cannot claim any exclusive use of the term 'SWAGATH'.

57. The counsel for appellants relied on **Chennai Hotel Saravana Bhavan v. Hotel Saravana Bhavan**¹.

CONTENTIONS OF COUNSEL FOR RESPONDENT

58. The counsel for the respondent however supported the order passed by the Court below and the reasoning of the Court below. He relied on **Hotel Swagath v. Hotel Swagath East Court**² and **Max Healthcare Institute Limited v. Sahrudaya Health Care Private Limited**³.

¹ 2005 (4) ALD 263

² (2018) 73 PTC 51 (AP)

³ (2018) 73 PTC 489 (DELHI)

59. I have noted the contentions of both parties.

THE CONSIDERTAION BY THE COURT

60. Before dealing with such contentions, it is to be noted that the interim injunction granted by the Court below in I.A.No.820 of 2016 was suspended by this Court in I.A.No.1 of 2018 in this C.M.A. on 06.12.2018 and the same has been continued until further orders by this Court on 5.2.2019.

61. It is the case of the respondent/plaintiff that it applied for registration of the device (composite label / logo) containing letters 'H' and 'S' in a circle with the words 'Hotel Swagath' below it; and obtained Registration No.2022183 under the Trade Marks Act, 1999 in Clause 43 in respect of the services i.e., providing food and drinks, catering, hotels, restaurants and snack bars; accommodation bureaux (hotels), rentals of temporary accommodation, canteens, bar services, holiday camp services (lodging).

62. The appellant is adopting the trade name "Hotel Swagath Grand" for its business

63. But the registered trademark 'device' of the respondent is admittedly under suspension because of a rectification application filed by the appellant before the Registrar of Trademarks, Chennai.

64. Therefore the Court below correctly held in page 16 of it's order that the respondent cannot be said to have made out a *prima*

facie case under the head 'infringement of it's trademark'. But it opined that 'definitely there is a *prima facie* case as to the passing off action, which is governed by common law.' The correctness of this view will be considered in this order.

THE LEGAL PRINCIPLES

65. I shall first consider the legal principles in regard to an action for passing off.

66. In **Cadila Health Care Ltd. v. Cadila Pharmaceuticals Ltd⁴**, it was declared that what has to be seen in the case of a passing-off action is the *similarity between the competing marks and to determine whether there is likelihood of deception or causing confusion*. The Court summed up the legal position as under:

" 35. In an action for passing-off on the basis of unregistered trade mark generally for deciding the question of deceptive similarity the following factors are to be considered:

The nature of the marks i.e. whether the marks are word marks or label marks or composite marks i.e. both words and label works.

The degree of resemblance between the marks, phonetically similar and hence similar in idea.

The nature of the goods in respect of which they are used as trade marks.

The similarity in the nature, character and performance of the goods of the rival traders.

The class of purchasers who are likely to buy the goods bearing the marks they require, on their education and intelligence and a degree of care they are likely to exercise in purchasing and/or using the goods.

⁴ (2001) 5 SCC 73

The mode of purchasing the goods or placing orders for the goods.

Any other surrounding circumstances which may be relevant in the extent of dissimilarity between the competing marks.

36. *Weightage to be given to each of the aforesaid factors depending upon facts of each case and the same weightage cannot be given to each factor in every case."*

67. This was reiterated in **Ramdev Food Products (P) Ltd. v. Arvindbhai Rambhai Patel**⁵, in the following terms:

" 91. In an action for infringement where the defendant's trade mark is identical with the plaintiff's mark, the court will not enquire whether the infringement is such as is likely to deceive or cause confusion. The test, therefore, is as to likelihood of confusion or deception arising from similarity of marks, and is the same both in infringement and passing-off actions. (See Ruston & Hornsby Ltd. v. Zamindara Engg. Co6.)

92. *In Parle Products (P) Ltd. v. J.P. and Co.7 emphasis was laid on the broad and essential features of the impugned mark holding: (SCC p. 622, para 9)*

"It would be enough if the impugned mark bears such an overall similarity to the registered mark as would be likely to mislead a person usually dealing with one to accept the other if offered to him."

93. *Noticing the similarity of the mark in question with that of the impugned mark, it was opined that: (SCC p. 622, para 9)*

"if one was not careful enough to note the peculiar features of the wrapper on the plaintiffs' goods, he might easily mistake the defendants' wrapper for the plaintiffs' if shown to him some time after he had seen the plaintiffs' ".

(emphasis supplied)

68. In **Max Healthcare Institute Ltd.** (3 supra), the Delhi High Court held that where the defendant's mark contains the essential

⁵ (2006) 8 SCC 726

⁶ (1969) 2 SCC 727

⁷ (1972) 1 SCC 618

feature of the plaintiff's mark combined with other matter, the correct approach for the Court is to identify an essential feature depending particularly "on the Court's own judgment and burden of the evidence that is placed before the Court"; and *in order to come to the conclusion whether one mark is deceptively similar to another, the broad and essential features of the two are to be considered; and they should not be placed side by side to find out if there are differences, rather over all similarity has to be judged.* It was further observed that the ascertainment of an essential feature is not to be by ocular test alone, but if a word forming part of the mark has come in trade to be used to identify the goods of the owner of the trademark, it is an infringement of the mark itself to use that word as the mark or part of the mark of another trader for which confusion is likely to result.

69. In **Chennai Hotels Saravana Bhavan** (1 supra), this Court has held that *a defendant may escape liability in an action for passing off, if it shows that the added matter to its logo is sufficient to distinguish his goods or characteristics from those of the plaintiff.* The Court then compared the trademarks of both and observed :

" 21. The name board of the appellants-defendants shows that it is Chennai Hotel Saravana Bhavan inscribed in big and bold letters while the name of the hotel of the respondent is Hotel Saravana Bhavan inscribed in small letters, that the photo of Saravan (Lord Subramanya Swamy) is found on the left side of the board and that his devotees photo i.e., Sri Kripananda Varrier, on the right side of the defendants' name board. Further the description of appellants hotel is given as High Class Veg.

Restaurant whereas, it is given as Vegetarian A/c Restaurant as that of the respondent, the name board of the appellant is inscribed in both Tamil and English while is in English and Telugu in respect of the respondent-plaintiff's hotel. Thus due to the additions, get up and trade-dress of the appellant's hotel, it is quite distinct from that of the respondent-plaintiff's hotel and in view of these dissimilarities, there is no scope of confusion in the mind of customers."

(A) The trial court declined to go into the similarity between the 'device' registered by the respondent and the 'mark' being used by the appellant

70. In the instant case, the relief in the plaint as well as in I.A. 820 of 2016 is on the basis of not only (a) infringement of its registered trademark but also (b) by way of passing off action.

71. Therefore, it is essential for the respondent to *prima facie* prove confusion or deception arising from similarity of marks.

72. Likewise, it was incumbent on the part of the Court below to give a finding on this aspect *prima facie* while deciding to grant interim injunction in favour of the respondent against the appellant.

73. But, the Court below at page 16 of its order observed :

"The similarity or the dissimilarity of the Trade Mark and just because the rectification proceedings are pending, can be no criteria for consideration in the present application as the said contention touches the main issues in the main case." (emphasis supplied)

74. Having thus expressed its disinclination to go into the issue of 'similarity' or 'dissimilarity' of the trademarks of the respondent and the appellant, suddenly in page no.18 of its order, it jumps to the

conclusion that the respondent is adopting the *identical* trademark of the appellant.

75. This is a grave error committed by the Court below because without *prima facie* giving any finding on the similarity between the 'device' registered by the respondent and the 'mark' being used by the appellant, no interim injunction could have been granted by it.

(B) The respondent had not got a trade mark for the word 'SWAGATH' per se but the trial court wrongly presumed that it had such registration.

76. Also, the respondent had contended that it has registered a device / composite label containing a logo of letters 'H' & 'S' and the expression 'HOTEL SWAGATH' vide registration No.2022183 with the Registrar of Trademarks, Chennai. But the prayer in the suit as well as in the I.A. is premised on the basis that it has registered the word "SWAGATH" *per se* and the respondent claimed as if it has the exclusive right to use the said word.

77. However, in para no.3 of the plaint, it is admitted that the respondent *sought* registration of the mark "SWAGATH" (word *per se*) under Application No.2037599 in Class 43 in respect of the same description of services as it had for its Application No.2022183. But there is no pleading that such a registration of the word "SWAGATH" (word *per se*) has been granted to the respondent. So in fact the respondent had not yet obtained any registration for the word 'SWAGATH' *per se*.

78. In the absence of such registration in favor of the respondent of the word 'SWAGATH' *per se*, the Court below committed a grave error in proceeding on the assumption that the word "SWAGATH" *per se* is the 'registered trademark' of the respondent and that the appellant is invading the rights of the respondent by using the word "SWAGATH" in its trade name, and so the respondent is entitled to interim injunction against the appellant.

(C) Exclusive right to use is only of device as a whole and not part of the device:

79. Under Sec.17(1) of the Act, when a trade mark consists of several matters, it's registration shall confer on the proprietor exclusive right to the use of trade mark *taken as a whole*. So the respondent *prima facie* would have exclusive right on the *whole device* registered by it, and not any *part* of the device (such as the word mark 'SWAGATH' *per se*).

80. Under Sec.17(2)(b) of the Act, when a trade mark contains any matter which is *common to the trade* or is otherwise of a non-distinctive character, the registration thereof shall not confer any exclusive right in the matter forming only *a part* of the whole of the trade mark so registered.

81. In my opinion, the word 'SWAGATH' *per se*, meaning a 'welcoming salutation', is a matter common in trade and is of non-distinctive in character, and so *prima facie* the registration of the

'device' would not confer any exclusive right in the matter (i.e., the word 'SWAGATH') forming only a *part of the* whole of the trade mark so registered.

(D) Trial court ignored the admission in Ex.R3 made by respondent

82. Assuming that the said finding of the trial court is based on alleged prior user by the respondent and is on the basis that the appellant is passing off its business as the business of the respondent by allegedly using the word 'SWAGATH', still the Court below could not have granted any interim relief to the respondent in view of Ex.R.3.

83. Ex. R3 is the response dt.04.05.2012 of the respondent to the Registrar of Trademarks, Chennai stating that its application is for registration of 'device' of Hotel Swagath, that the mark of the appellant i.e., "SWAGATH GRAND HOTEL" and others reflected in the search report are trademarks for the registration of the word mark *and* that the channel of distribution and service circle for the respondent's trademark is *different* from other marks. (*In other words the appellant itself had stated that there is no similarity between it's device and the trade names of the appellant.*); and that as per Section 12 of the Trademarks Act, 1999, similar trademarks can be registered if the applicant is an honest and *concurrent user*. The Court below took note of Ex.R.3 in page no.21 of its order and also the contention of the appellant that the statements of the respondent in it would

contradict the plea of the respondent in the suit and in the I.A. that the mark is similar, *but failed to deal with it*.

84. This is also a serious error in its order - for, if the respondent had himself admitted that its trademark device is *different* from that of the appellant before the Registrar of Trademarks, he cannot turn around and now contend that there is similarity between the trademarks and there is passing off by the appellant of its services as those of the respondent.

(E) There was *prima facie* honest and concurrent user by appellant from 2008. Respondent was aware of it. So under Sec.33, it is not entitled to relief:

85. Sec.12 of the Act permits registration by more than one proprietor of a trade marks which are identical or similar if there is honest and concurrent use of it in respect of same or similar goods or services.

86. Under Sec.33 of the Act, where the proprietor of an earlier trade mark had acquiesced for a continuous period of 5 years in the use of a registered trade mark, being aware of that use, he shall no longer be entitled on the basis of that earlier trade mark to oppose the use of the later trade mark in relation to the goods or services in relation to which it has been used.

87. The material filed before the Court below indicates the word 'SWAGATH' is not only being used by the respondent but also by other parties including the family members of M. Kishore Reddy

representing the appellant, i.e., M. Kishore Reddy's wife and mother along with D. Ravinder, representing the respondent and his family members. According to appellant, a registered partnership deed is entered into on 01.11.1996 by D. Ravinder and his brothers D. Harishanker and D. Bhaskar along with Mrs. Anupama, wife of M. Kishore Reddy and Mrs. Pushpamala, the mother of M. Kishore Reddy for constituting a partnership firm by name, M/s.Hotel Swagath.

88. Though this document is marked as Ex.R.11 in the Court below, on the pretext that formation of the said firm was denied by the respondent, the Court did not accept the plea of the appellant about *bona fide* and concurrent user of the word 'SWAGATH' by others amounting to acquiescence by the respondent, disentitling him to relief of interim injunction.

89. This is not sustainable since *prima facie* the existence of the firm M/s. Hotel Swagath constituted under the said document has to be presumed.

90. The appellant had also placed on record the Certificate of Incorporation of M/s. Swagath Motels Pvt. Ltd. (Ex.R.24) dt.04.01.2018 which was started by M. Kishore Reddy after changing the name of the earlier company M/s. Swagath Mandadi Hotels Pvt. Ltd. incorporated on 03.07.2007, and also Certificate of Chartered Accountant Ex.R.26, showing the turnovers of M/s. Hotel Swagath,

Hotel Swagath Grand and Swagath Residency under the Management of M/s. Swagath Motels Pvt. Ltd. from 2004-05 till 2015-16. So it appears that from 2008 (more than 5 years) at least the appellant was doing business using the word 'SWAGATH'.

91. It is *prima facie* difficult to believe that the respondent was not aware of these business enterprises till the filing of the suit when D. Ravinder and his brothers were partners with the wife and mother of M. Kishore Reddy who started M/s. Swagath Mandadi Hotels Pvt. Ltd. under Ex.R.11-Partnership Deed dt.01.11.1996.

92. The close business relationship between the families of D. Ravinder and M. Kishore Reddy since 1996 could not have been ignored by the Court below and it should have *prima facie* concluded that the respondent was aware of the use of the word 'Swagath' by appellant and others for considerable time and denied it interim injunction in the I.A.

(F) The decision in Hotel Swagath (2 supra) cannot apply

93. The judgment in **Hotel Swagath** (2 supra) cannot be of any assistance to the respondent.

94. In that case the allegation was that the respondent therein was using the trade name 'Hotel Swagath East Court' and on facts of the said case, a conclusion was drawn that the appellant's trademark was not only for the logo covered by the device but also for the word mark

'Hotel Swagath', and the respondent was not entitled to use the words 'Swagath'.

95. The appellant, not being a party to the said decision, it cannot bind it.

96. Also such finding in that case, in my opinion, is not correct because the trademark registered by the respondent is only of the 'device' *as a whole*; and not for the word mark 'Swagath' *per se* because admittedly the respondent had not been granted any trademark in the word 'Swagath' (word *per se*) by the Registrar of Trademarks; and even according to the respondent its application for the same being application No.2037599 is pending, and has not been granted.

(F) Prima facie there is no similarity between the 'device' registered by respondent and the appellant's trade name 'Hotel Swagath Grand'

97. In my opinion, on a comparison of the device containing letters 'H' and 'S' in a circle with the words 'Hotel Swagath' below it (registered by the respondent) *with* the trade name "Hotel Swagath Grand" (adopted by the appellant for its business), there is no deceptive similarity between the two *prima facie*; and consequently, the respondent is not entitled to any interim injunction against the appellant.

(G) The Conclusion

98. I therefore hold that the order dt.10.10.2018 passed in I.A.No.820 of 2016 in O.S. No.476 of 2016 is unsustainable. It is accordingly set aside and the Civil Miscellaneous Appeal is allowed.

No costs.

99. It is made clear that the observations/findings made in this order are only made prima facie for the purpose of deciding this Civil Miscellaneous Appeal and the trial court shall decide the suit uninfluenced by the contents of this order.

100. As a sequel, miscellaneous petitions pending if any in this Civil Miscellaneous Appeal, shall stand closed.

//TRUE COPY//

SD/-V.RAMESH
JOINT REGISTRAR


SECTION OFFICER

To,

1. The IX Additional Chief Judge, City Civil Court at Hyderabad
2. One CC to Dr. VENKAT REDDY DONTI REDDY Advocate [OPUC]
3. One CC to SRI. K HEMA PRAKASH RAO Advocate [OPUC]
4. Two CD Copies

AVL

10

HIGH COURT

MSRJ

DATED:13/03/2019



JUDGMENT

CMA.No.1246 of 2018

**Allowing the Civil Miscellaneous Appeal
without costs**

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