
(2007) 07 DEL CK 0166

In the Delhi High Court

Case No : IA No"s. 8603, 9469 of 2005, 2251 and 9516 of 2006 in CS (OS) No. 1493 of 2005

ACL Education Centre Pvt. Ltd. and Another

APPELLANT

Vs

Americans" Centre for Languages and Another

RESPONDENT

Date of Decision : 06-07-2007

Acts Referred:

Citation : (2008) 36 PTC 113

Hon'ble Judges : A.K. Sikri, J

Bench : Single Bench

Advocate : Neeraj Grover, for the Appellant; Gagan Gupta, for the Respondent

Final Decision : Dismissed

Judgement

A.K. Sikri, J.—M/s. ACL Education Centre Pvt. Ltd. and M/s. Alfa Centre for Languages Pvt. Ltd. have filed this suit against two Defendants under Sections 134 and 135 of the Trade Marks Act, 1999 as well as u/s 51 of the Copyright Act, 1957 for the relief of permanent injunction to restrain infringement and passing off of Trade Marks and Copyright etc. Defendant No. 1 is M/s. American Centre for Languages, which is being run by Defendant No. 2.

2. Plaintiff No. 1 is a private limited company, which is stated to be closely held having its registered office in Lucknow (U.P.). It was established with the objective of carrying out of activities relating to imparting, teaching and training of languages to various kinds of students. One of its business centres is located at Dwarka, New Delhi, which is also claimed to be principal centre of business, in order to carry out its various administrative as well as main business activities to expand its business throughout the country, both core as well as non-core ancillary activities. The Plaintiff is running its centres for imparting, teaching and training in various languages under the trading style "American" Centre for Languages", which, according to the Plaintiff No. 1, is its trade mark, trade name and house mark. The Plaintiffs state that the ownership in the aforesaid trade mark etc. along with the business was acquired by the Plaintiff No. 1 with the

acquisition of M/s. American Centre for Languages, a proprietorship firm of Mr. Praveen Sharma. The original owner had started the institute under the name M/s. American Centre for Languages in the year 1996, which was acquired by the Plaintiff No. 1 in the year 2003. Therefore, the rights and interests in the said trade mark, trade name and house mark etc. are now enjoined upon the Plaintiff No. 1 by virtue of lawful transfer of intellectual property rights from the original owner of M/s. American Centre for Languages to the Plaintiff No. 1. The Plaintiff No. 2 is also a private limited company having its registered office at Ber Sarai, New Delhi. It carries on business of imparting, training and teaching of languages to various students of different levels, which was established under the stewardship of the management of the Plaintiff No. 1. Its principal place of business is located in Gurgaon, Haryana and it is also imparting training under the trade name/trade mark American Centre for Languages. It is claimed that the original owner bona fide adopted the words/marks American Centre for Languages with "ACL" being the short form as its trade mark in the end of the year 1995 and applied for registration thereof with the Trade Mark Registry, Mumbai and the registration is awaited, which is only a ministerial act. The said trade mark/trade name has earned an enormous reputation in terms of recognition or otherwise in the general public as to its quality and nature of services and has earned a distinctive trade recognition pertaining to the services being offered by the original owner and now by the Plaintiffs. It also honestly adopted and conceived an artistic logo which is an original artistic work within the definition of copyright under the Copyright Act, 1957. It is claimed that even the trade name/trade mark "American Centre for Languages" involves original literary work comprising of sequential related words coined in a manner intended to give itself an exclusive identity vis-a-vis its corporate objective and activities, which is also a copyright protected under the Copyright Act.

3. The Plaintiffs object to the business established by the Defendant No. 2 under the name "M/s. American Centre for Languages", i.e. Defendant No. 1, which is carrying on the same business activity, namely, imparting, teaching and training of English language to the consumers within the same area of operation, i.e. the locality within the very vicinity of the local/commercial periphery of the Plaintiff No. 2. It is alleged by the Plaintiffs that the Defendant No. 1 was established with this name with sole purpose to exploit the commercial/corporate opportunity of the Plaintiffs available in the same locality and such a deliberate action on the part of the Defendant No. 2 goes to show his mala fide intentions and ulterior motives. It is stated that the Defendant No. 2 before he started this business was associated with the Plaintiffs No. 1 and 2 as a Director and a Teacher respectively and after leaving the Plaintiffs he resorted to an unfair and unethical practice with ulterior motives and mala fide intentions. Adoption of such a name, according to the Plaintiffs, amounts to infringement of the Plaintiffs' trade mark, passing off as well as violation of their copyright in view of the following:

(a) The words/Mark AMERICAN as a part of its trademark and house mark (hereinafter referred to as the "impugned trade mark and house mark") and

annexed hereto and marked as ANNEXURE-C.

(b) The word/mark AMERICAN is an essential and distinguishing feature of its trade name "M/s. AMERICAN's centre for languages" (hereinafter referred to as the "impugned Trade name and artistic logo") and annexed as and marked as ANNEXURE-D.

(c) The artistic logo being ANNEXURE-E (hereinafter referred to as "impugned logo").

(d) Trade dresses and Pamphlets annexed hereto as ANNEXURE-F (hereinafter referred to as the "impugned trade dresses/Pamphlets") which bear the impugned trade mark, trade name, family trade marks and having artistic features, arrangements, placements etc.

4. Along with the suit the Plaintiffs also filed IA No. 8603/2005 under Order XXXIX Rules 1 and 2 CPC for ex parte ad interim injunction. While issuing summons in the suit and notice in the application, order dated 25.10.2005 was passed restraining the Defendants from procuring, providing for sale, directly or indirectly, in any manner or mode, the goods and services under the trade mark "American Centre for Languages" and "ACL", which order has been continued from time to time. The Plaintiffs subsequently filed IA No. 9469/2005, which is an application under Order XXXIX Rule 2A CPC and Sections 10 and 12 of the Contempt of Courts Act read with Article 215 of the Constitution of India alleging violation of the injunction order dated 25.10.2005.

5. The Defendants have contested the suit and the prayer made in IA No. 8603/2005 by filing reply. In addition, the Defendants have filed two more applications. IA No. 9516/2006 is the application under Order XXXIX Rule 4 CPC seeking vacation of the ex parte injunction order. Another application (IA No. 2251/2006) is filed under Order VII Rule 11 CPC for rejection of the plaint on the ground that this Court does not have territorial jurisdiction to entertain suit. All these applications are inter-connected on which arguments were heard. I propose to dispose these applications by this common order.

6. The defence of the Defendants, as the written statement would reveal, proceeds on the following lines:

(i) Insofar as prayer regarding trade mark is concerned, this Court had no territorial jurisdiction to entertain the same and as it is a case where allegation of violation of copyright is intrinsically based on and inter-connected with trade mark. Suit for joint prayers would not be maintainable in this Court for lack of territorial jurisdiction.

The submission is that the Plaintiff No. 1 has its registered office in Lucknow (UP) and it is also alleged that there is a branch office at Dwarka, New Delhi. However, the alleged branch office in Dwarka is only a small hall on which the Plaintiffs have put up a signboard and the said hall is lying locked for months together and, therefore, is no activity from this office.

Insofar as Plaintiff No. 2 is concerned, it is alleged that their registered office in Ber Sarai, New Delhi, is located in a DDA staff quarter and it is highly unlikely that any company could have registered office in DDA staff quarter. Accordingly to the Defendants, their inquiry revealed that one Ms. Punam Sharma, who happens to be a close relative of Mr. Praveen Sharma used to reside in the said quarter and she left this accommodation more than six months ago and the DDA staff quarter is also lying locked. Further, no document is annexed in support of this claim. It is alleged that the entire business activities of the Plaintiffs are in the State of Uttar Pradesh and they do not have any activities in Delhi. It is also pleaded that even as per the admission of the Plaintiffs themselves, cause of action has arisen in the city of Gurgaon. The said centre of the Plaintiffs is located in Gurgaon and even the center of the Defendants is located in Gurgaon. It is pleaded that the Plaintiffs may be called upon to furnish correct information on affidavit as to the numbers and names of the students who have been enrolled in their alleged branch office at Dwarka and also the connection of the Plaintiffs to the DDA staff quarter at Ber Sarai, New Delhi.

It is, thus, contended that Section 134 of the Trade Marks Act, 1999, will have no application on the facts of this case as neither the Plaintiffs nor the Defendants voluntarily reside or carry on business or work for gain within the territorial jurisdiction of this Court. It is also contended that the provisions of Section 62 of the Copyright Act are invoked in order to artificially create an impression that this Court has territorial jurisdiction inasmuch as there is no copyright infringement on the part of the Defendants even if the facts alleged by the Plaintiffs are presumed to be true.

(ii) It is further stated that no case of infringement of trade mark is made out as trade mark of the Plaintiffs is not registered so far. The Defendants pleaded that the Plaintiffs have not come to this Court with, clean hands and dishonestly pleaded in para 8 of the plaint that all formalities of registration of the trade mark are complete and the registration is now only a ministerial act and the certificate is awaited. In fact, according to the Defendants, a perusal of the documents annexed by the Plaintiffs themselves clearly reveal that the Registrar of Trade Marks had asked them to disclaim the word "American". This will also suggest that the Registrar is not going to register the trade mark of the Plaintiffs with the word "American" therein. It is also mentioned that at the time of institution of the suit application for registration made by the Plaintiffs was under Clause 16 of the Fourth Schedule, which relates to paper, cardboard, goods made from these materials, printed matter, book-binding material, photographs, stationery and other allied cognizant entries. But the Plaintiffs falsely stated that they have moved application for registration of the trade mark "American Centre for Languages". In fact, such an application was made on or around 10.1.2006 only, i.e. after the filing of the present suit vide application No. 1412947 in class 41 whereas the Defendants had already applied for registration of "ACL" and American Centre for Languages" with label in September, 2005 itself vide application No. 1380114.

(iii) On merits it is claimed that insofar as action of passing off is concerned, the Plaintiffs cannot monopolize the use of the word "American" as also the phrase/combination of words "Centre for Languages". The word "American" is a derivative of "America", which is common name of a well-known country and nobody can have exclusive right to use this as a part of the trade mark and as per the provisions of Section 9(i)(b) of the Trade Marks Act, 1999, such a mark is not entitled to registration. It is also pointed out that the expression "American" is a generic, laudatory and descriptive one, which is being used openly and exclusively in various parts of the country with respect of English language training. The Plaintiffs, therefore, cannot claim monopoly of such expression to the exclusion of the entire trade and many applications for registration of trade mark were pending before the Registrar using the word "American". Following examples are given:

(a) AMERICAN SCHOOL OF LANGUAGE 7255, Rajindra Market, Prem Nagar, Shakti Nagar, Delhi-100 007.

(b) AMERICAN INSTITUTE OF ENGLISH AND LANGUAGES Church Road, Agra.

(c) AMERICAN COUNCIL OF ENGLISH AND LANGUAGES 2nd Floor, Maya Plaza, Court Road Saharanpur.

It is further submitted that the following persons/institutions are also carrying on similar coaching classes, specially using the word, "AMERICAN", in their House Mark/Trading style:

(a) AMERICAN INSTITUTE OF ENGLISH LANGUAGE 129/6, Nal Sarak, Shastri Nagar, Meerut.

(b) AMERICAN SCHOOL OF LANGUAGES

Shivpuri, Opp. ICICI ATM, Section 7, HUDA Market, Gurgaon, Haryana

(c) AMERICAN ENGLISH ACADEMY:

18/4, Old Rajinder Nagar, Main-Round-about, Main Market, New Delhi-60.

2008, Outram Lines, Kingsway Camp, Delhi-9.

201, SG Shopping Mall, DC Chowk, Sector IX, Rohini, Delhi.

C-3/3, Janakpuri, New Delhi-58.

O-3 (IIInd Floor), Lajpat Nagar. New Delhi-24.

LSC Pankaj Plaza, Preet Vihar, Delhi-92.

SCF-60, Sector 16A, Part-II, Faridabad.

147, Dayanand Com Railway Road, Gurgaon.

309-310, (IVth Floor), JS Arcade, Sector-18, NOIDA.

(d) NEW AMERICAN ENGLISH LEARNERS

Main Patel Road, West Patel Nagar, New Delhi.

(iv) It is also claimed by the Defendants that a comparison of two marks would show distinguishing and distinct feature of the trade marks of the Defendants. It is contended that this distinctive feature of the Defendants with the Defendant No. 2 and obviates possibility of any confusion. The Defendants claimed that the Defendant No. 2 has acquired huge reputation in the city of Gurgaon as a trainer/teacher for the English language and is popularly known as "Anshu Sir". It is also the case of the Defendants that the services being provided by the parties are meant for educated customers who usually do not keep in mind the label or first impression created by the name. The prospective customer would be guided to the centre of the Defendants by the words "Anshu Sir"s and not the word "American". Even otherwise such class of customers would go to a particular centre, either of the Plaintiffs or the Defendants, inquiring about their credentials and origin and feeling satisfied about the management and quality of services and obtaining information about the concerned persons, who are imparting such a training and only then enroll themselves. The customers would ignore the alleged common features and will pay more attention to the uncommon features, which, in this case, are "Anshu Sir"s for the centre of the Defendants. On the basis of aforesaid submissions, Learned Counsel for the Defendants argued that the Plaintiffs were not entitled to injunction; ex parte interim injunction order was liable to be vacated and plaint warranted rejection for want of jurisdiction.

7. During arguments the Learned Counsel for the Plaintiff highlighted the features of the Plaintiffs case as noted above on the basis of which he submitted that though "American" was a generic work, the name adopted by the Plaintiff, namely, "American Centre for Language" came to be associated with the Plaintiff and had acquired secondary meaning. In these circumstances, the Plaintiff had a right to get the protection and the Defendant could not use this name. He also submitted that the Defendant was earlier working with the Plaintiff and adoption of the same name by the Defendant was clearly mala fide and dishonest adoption and there was no explanation forthcoming as to why particularly this name was chosen by the Defendant for doing the same competitive business in the same area and such similar use was bound to cause confusion. He submitted that the case of passing off was made out because of likelihood of confusion, which the two names would lead to. Submission was that in order to come to the conclusion whether one mark is deceptively similar to other, the test was not to place them side by side if there are any differences but to see the overall similarity between them. That would likely to mislead a person usually dealing with one if offered to him. If one is to go by the general impression or by some significant details, then by any photographic recollection of the while he referred to the following judgments in support of this case:

1. A.C. Krishnan v. Nambisan"s Dairy 1997 PTC (17) 806 (DB).

2. Automatic Electric v. R.K. Dhawan 1999 PTC (19) 81.
3. A.T. Raja v. Mangalore Ganesh Bidi 1999 PTC (19) 104.
4. Indian Shaving v. Gift Pack 1998 PTC (18) 698.
5. Prakash Metal v. Swaure Automation 1992 PTC 29.
6. Peshawar Soaps v. Anil Soaps 1989 PTC 191.
7. Plastindia Foundation v. Ajeet Singh 2002 (25) PTC 71.
8. Info Edge (India) v. Shailesh Gupta 2002 (24) Ptc 355.
9. Charan Dass v. Bombay Crockery 1984 PTC 102.
10. Madhuban Holiday v. Holiday Inn 2002 (25) PTC 308.
11. Midas Hygiene Industries P. Ltd. and Another Vs. Sudhir Bhatia and Others,
12. MRF Ltd. v. N.R. Faridabad 1998 PTC (18) 485.
13. Parle Products v. J.P. Company and PTC (Supp.) (1) 346 (SC).

8. He further submitted that this Court had the territorial jurisdiction inasmuch as the Plaintiff was having its office in Delhi and was also running some of the centres in Delhi and these would be sufficient to confer territorial jurisdiction on this Court as held in the following cases:

1. Intas Pharmaceutical v. Allergen Inc. 2006 (32) PTC 272 (DB)
2. Pfizer Products v. Rajesh Chopra 2006 (32) PTC 301.
3. Smithkline Beechem v. Indian Flame 2001 PTC 321.
4. Ruchi P. Ltd. v. Indian Flame 2001 PTC 876.
5. Indian Herbs v. Lalji Mal 2002 (24) PTC 318.
6. Nirex Industries v. Man Chand 1984 PTC 97.
7. Jawahar Engineering Co. and Others Vs. Javahar Engineering Private Ltd.,

9. It is not in dispute that the Defendant No. 2 was earlier working with the Plaintiff. After leaving the job, he had started business in the same line, which is competitive business insofar as the Plaintiff is concerned. Area of operation is also broadly the same. There is no explanation forthcoming as to why the Defendants adopted the same name, i.e. "American Centre for Languages". Interestingly, the Defendants, while trying to highlight the distinguishing and distinct features of the two trade marks, have contended that it is the "Anshu Sir"s", which is the main distinguishing feature and associates the Defendants' trade mark specifically with the Defendant No. 2. The Defendants have also claimed that the Defendant No. 2, who is "Anshu Sir" has acquired tremendous reputation in the city of Gurgaon as a trainer/teacher for the English language

and the prospective customer would be guided by the words "Anshu Sir" and not the word "American". If this is the explanation and the Defendants are so confident about the distinguishing feature of "Anshu Sir" and pretend that the word "American" is of no consequence and is not going to cause any confusion, why the Defendants still adopted "American Centre for Languages" as the name of their institute, is intriguing. The Defendants could have started their institute under the name "Anshu Sir"s" only or with some other prefix and/or suffix other than "American". It appears that the purpose was not only to ride on the goodwill of the Plaintiff but trying to suggest that the real American Centre for Language is that of the Defendants. To that extent, the adoption of trade name "American Centre for Language" is dishonest. No doubt, "American" is a generic word. The Defendants have also pointed out that many institutes are being run wherein the word "American" in their house marks/trading style is used. However, the word "American" along with "Centre for Languages", namely, adoption of the house mark/trading style "American Centre for Languages" used by the Plaintiff for number of years shows that it has come to be associated with the Plaintiff. The use of the word "American" per se with some other prefix or suffix may not be objectionable like American School of Languages, American Institute of English and Languages etc. However, when the Defendant adopts the identical name, i.e. "American Centre for Languages", which is the trade name/house mark of the Plaintiff that becomes objectionable, particularly under the circumstances in which it is dishonestly adopted by the Defendant.

10. In *A.C. Krishnan v. Nambisan's Dairy Pvt. Ltd.* 1997 PTC (17) (DB), Plaintiff had adopted the trade mark "Nambisan"s. First Defendant was working as Manager in one of the branches of the Plaintiffs firm. Second Defendants" father was a dismissed employee of the Plaintiff. They had started using the trade mark "Nambeesan"s. The Court held that it was dishonest adoption and would cause confusion in the mind of the probable customers or purchasers and thus, confirmed the injunction granted by the High Court against the Defendants from using the said name. It was also held that generic name had relevance only for the purpose of registration and in an action of passing off it was immaterial.

11. I had the occasion to discuss the issue of dishonest adoption in my recent judgment in the case of *Ishi Khosla v. Anil Aggarwal and Anr.*, 2007 3 AD (Del) 421. While confirming the injunction, I observed:

23. ...It is not to suggest that the Plaintiff has monopoly over these products. Any other person may enter the trade and be a competitor. Competition is healthy for not only consumers but for manufacturer as well and is, therefore, in public interest. However, what is to be discouraged is the dishonest adoption of somebody else's trademark and trying to ride on the goodwill created by the competitor who entered the market prior in time. This is what is sought to be done by the Defendants by clever manipulation, namely, adding the word "DIET" in their mark after adopting identically the entire trademark of the Plaintiff i.e. "Whole Foods." This intention of the Defendants becomes manifest as they have

also adopted same style of the trademark and same labels/packing etc....

24. In the case of *Munday v. Carey* 1905 RPC 273 the Court held:

...I believe that it is a rank case of dishonesty, and where you see dishonesty, then even though the similarity were less than it is here, you ought, I think, to pay great attention to the items of similarity, and less to the items of dissimilarity.

25. Further, in the case of *Midland Counties Dairy Ltd. v. Midland Dairies Ltd.* 1948 RFC 429 it was held that:

...For if the Court comes to the conclusion that the Defendant was actuated in adopting the style complained of by the dishonest motive of filching some part of the Plaintiffs' reputation, then the Court will not be astute to find that this nefarious design has failed.

12. On the basis of material produced and the long user by the Plaintiffs, it appears *prima facie* that the "American Centre for Languages" has come to be associated with the Plaintiffs. The Plaintiffs have produced the balance-sheet as per which it has shown that receipts in the form of fees are in several lakhs per years. Thus, it is clear that over this period thousands of students have undertaken English language and other courses offered by the Plaintiff institute and they identify "American Centre for Languages" with the Plaintiff.

13. Learned Counsel for the Defendant had cited judgments in the case of *J.R. Kapoor v. Micronix India* 1994 PTC 260 and *S.B.L. Ltd. Vs. Himalaya Drug Co.*, to contend that there was no question of any confusion. However, the entire emphasis of the argument of the counsel for the Defendants was that the distinctive feature of the Defendants' trade mark was addition of the words "Anshu Sir's". Otherwise, it could not be disputed that the Defendants have adopted the same name, namely, "American Centre for Languages". Therefore, these judgments would be of no avail and would not have any application to the facts of the present case. It is clear that the Defendant No. 2, who claims to be famous as "Anshu" was working with the Plaintiffs, has adopted this name with clear intention to confuse the intending students to join him by giving the impression that he is the real "American Centre for Languages". Otherwise, if he is so popular, as claimed, he could have used any other name with his so-called highlighted feature "Anshu Sir's".

14. Insofar as the question of territorial jurisdiction is concerned, in view of the judgments produced by the Plaintiffs, *prima facie* it appears that this Court has the territorial jurisdiction. The contentions raised by the Defendants on the basis of which territorial jurisdiction is disputed are based on factual premise which can be gone into only after the evidence is led. At this stage, we have to look into the averments made in the plaint. It is categorically stated that both the Plaintiffs have registered offices as well as principal offices in Delhi. Therefore, at this stage, suit cannot be thrown out on the ground that this Court has no territorial jurisdiction.

15. The result of the aforesaid discussion is to confirm the ex parte injunction dated 25.10.2005. IA No. 8603/2005 is accordingly allowed and the said ex parte injunction is made absolute till the disposal of the suit. As a consequence, IA No. 9516/2006 filed by the Defendants under Order 39 Rule 4 CPC seeking vacation of the ex parte injunction as well as IA No. 2251/2006 under Order 7 Rule 11 CPC seeking rejection of the plaint on the ground of territorial jurisdiction are hereby dismissed.

CS (OS) No. 1493/2005

List before the regular Bench on 12.9.2007.