
(2008) 09 AHC CK 0009
In the Allahabad High Court

A.C.L. Education Centre Pvt. Ltd.

APPELLANT

Vs

Anglo American Centre for Languages and Others

RESPONDENT

Date of Decision : 24-09-2008

Acts Referred:

Civil Procedure Code, 1908 (CPC) — Section 151
Trade Marks Act, 1999 — Section 28(1)

Citation : (2009) 1 AWC 1030 : (2009) 41 PTC 764

Hon'ble Judges : U.K. Dhaon, J;B.K. Narayana, J

Bench : Division Bench

Judgement

U.K. Dhaon and B.K. Narayana, JJ.—Heard Sri Neeraj Grover, learned Counsel for the appellant and Sri S.P. Upadhyay, learned Counsel for the respondents.

2. This appeal is directed against the order dated 31.5.08, passed by the District Judge, Lucknow dismissing an application under Order XXXIX, Rules 1 and 2 read with Section 151, C.P.C. moved by the plaintiff/appellant in Regular Suit No. 9 of 2008 filed by it in the Court of District Judge, Lucknow claiming that the respondents were guilty of publicising, continuing and offering their services of language training institute under the name "Anglo American Centre for Languages" and/or A.A.C.L. which was strikingly identical and deceptively similar to the appellant's well known trademark "American Centre for Languages" and/or A.C.L. amounting to passing off the respondents services and business as those of the appellant and in consequence praying for issuing of a decree for permanent injunction restraining the defendant/ respondents from publicising, continuing and offering their services of language training institute under the impugned marks Anglo American Centre for Languages and/or A.A.C.L., from reproducing any of the artistic or literary features of the pamphlets, study material, brochures, course structure of the appellant and specifically from reproducing the artistic works under the trademarks A.C.L.-American Centre for Languages and A.C.L. amounting to infringement of appellant's copyright subsisting therein and registered under No. A-80062/07 and for a decree of mandatory injunction directing the respondents to deliver up all the infringing

and falsified pamphlets, banners, hoardings, study material, brochures and other publicity material etc. bearing the impugned marks Anglo American Centre for Languages and/or A.A.C.L. for the purposes of destruction/erasure to the appellant pending disposal of the suit. The appellant prayed for grant of ad interim injunction restraining the respondents from publicising, continuing and offering their impugned services of language training institute under the impugned marks Anglo American Centre for Languages and A.A.C.L. by the respondents.

3. The appellant's case is that it is a private limited company engaged in the business of imparting English language training and is a leading entity in the said business having centres running successfully at Lucknow, New Delhi, Gurgaon, Kanpur and Chandigarh. The appellant's company is the proprietor of the well known trademark "American Centre For Language" or A.C.L. and the trademark has been used as essential part of its corporate. The appellant is imparting English language thereunder since the year 2003 and the trademark "American Centre for Languages" or A.C.L. was assigned to the appellant by its predecessor in interest and title, Mr. Pravin Sharma in the year 1995-96. By virtue of long continuous and extensive use made in respect of trademark, the appellant has earned a handsome reputation and goodwill in the market. The appellant is the proprietor of the trademark "American Centre for Languages or A.C.L. under the common law and any unauthorised use of the said trademark or any other deceptively confusingly similar trademark on the part of any person in respect of the business of imparting of any kind of languages or other trade or any other cognate/allied services shall amount to passing off such business as those of the appellant and as such the respondents are liable to be restrained under the common law principle of passing off. The trademark A.C.L. bearing in artistic lay out letter and design which being an original artistic work is the proprietary of the appellant. The impugned trademarks were adopted by the respondents in the month of December, 2007. The attention of the appellant was drawn to the adoption and use of deceptively and confusingly similar mark or name Anglo American Centre For Languages and A.A.C.L. by the respondents who were also imparting English Training in the same grade and immediately thereafter the appellant issued a cease and desist legal notice. The appellant was compelled to institute the suit giving rise to the present appeal before the Court of District Judge, Lucknow to seek appropriate legal remedies against the respondents when the cease and desist notice did not yield any response.

4. Against the appellant's application C-5, respondents filed their objection C-20 alleging that the appellants had not come to the Court with clean hand and it suppressed material facts. The trade mark "American Centre for Languages" is not registered and the Registrar of the Trademark had asked them to disclaim the word "American" which they have not done. Hence, their trademark has not been registered. The respondents have been running their centre in the name of "Anglo American Centre for Language" for last 6 months and have been imparting training in Computer learning since now. The allegation of appellant

that the respondents gave identical services and their trademark is identical to that of appellant is totally incorrect. The services by the respondents and appellant are being rendered to educated customers and no one can be led away by the alleged trade mark of appellant and respondents. The appellant cannot claim monopoly over the use of word "American". The method of teaching of defendants is totally distinctive in nature. Their work method is neither reproduction or adoption of the appellant's artistic work. The appellant do not have right to get production of alleged trade mark and they cannot claim injunction in respect of its trade mark.

5. The learned District Judge rejected the appellant's application C-5 by the impugned order holding that the appellant failed to establish prima facie case for grant of ad interim injunction and the provisions of the Copyright Act were against the appellant on account of the appellant's trademark being unregistered and the appellant had no right to institute an action against the infringement of an unregistered trademark.

6. The findings on the questions of balance of convenience and irreparable logs were also recorded against the appellant.

7. Learned Counsel for the appellant submitted that the District Judge passed the impugned order on a wrongful understanding of law and upon a misconceived notion that no remedy in respect of an unregistered trade mark can be granted to the appellant and the impugned order proceeds on a misconceived notion that a trade mark has to be compulsorily registered. The learned District Judge failed to appreciate the difference between the relief of "passing off and the relief of "infringement" as available under the provisions of Trade Marks Act, 1999.

8. Learned Counsel for the appellant further submitted that in an action of passing off in order to succeed in getting an interim injunction, the plaintiff has to establish the user of mark prior in point of time than the impugned user of the defendant and in the present case, it is an admitted fact that the appellant has been using the mark in question much prior to the point of time when the defendants adopted and started using the mark in dispute and as such the appellant was entitled to grant of ad interim injunction and the order passed by the court below refusing to grant of ad interim injunction in favour of the appellant is totally illegal and is liable to be set aside.

9. Learned Counsel for the respondents supporting the impugned order submitted that a trademark of the appellants under the Trade Marks Act is not registered. Relying upon Section 28 (1) Trade Mark Act, 1999 which provides that no person shall be entitled to institute any proceeding to prevent or recover damages from the infringement of an unregistered trademark, the learned Counsel for the respondents further submitted that the appellant is not entitled to any relief and the order passed by the court below rejecting the appellant's application C-5 does not suffer from any infirmity or illegality and the suit of the appellant is not maintainable.

10. Learned Counsel for the respondents next submitted that there was absolutely no similarity in the mark and registration used by the respondents with the mark and registration of the appellant.

11. We have considered the submissions made by the learned Counsel for the parties and have perused the record.

12. In granting or not granting ad interim injunction, the law is settled that three factors have to be kept in mind namely the establishment of a prima facie case, the balance of convenience between the parties and whether if ad interim is not issued it will cause irreparable injury to the plaintiff.

13. The prima facie case in favour of the appellant stands established by admitted user of the mark by the appellant much before the adoption of a strikingly identical and deceptively similar mark by the respondents. The first such point, therefore, that arises for consideration as to whether the approach of the learned District Judge that the appellant was not entitled for grant of ad interim injunction on the ground that the appellant's trademark is unregistered and for want of proper proof of evidence is correct. It must be remembered that the suit giving rise to the present appeal is one based on a claim of passing off. It is not a suit for infringement of a registered trademark. In a passing off an action registration of the trademark is immaterial. Section 27 of the Trade and Merchandise Marks Act, 1958 reads as under:

27. No action for infringement of unregistered trade mark.-(1) No person shall be entitled to institute any proceeding to prevent, or recover damages for the infringement of art unregistered trade mark.

(2) Nothing in this Act shall be deemed to affect rights of action against any person for passing off goods as the goods of another person or the remedies in respect thereof.

The relevant parts of Section 106 of the Act read as under:

106. Reliefs in suits for infringement or for passing off.- (1) The relief which a Court may grant in any suit for infringement or for passing off referred to in Section 105 includes an injunction (subject to such terms, if any as the Court thinks fit) and at the option of the plaintiff, either damages or an account of profits, together with or without any order for delivery-up of the infringing labels and marks for destruction or erasure.

(2) Notwithstanding anything contained in Sub-section (1) the Court shall not grant relief by way of damages (other than nominal damages) or by account of profits in any case:

(a) ...

(b) ...

(c) Where in a suit for passing off the defendant satisfies the Court:

(i) that at the time he commenced to use the trade mark complained of in the suit he was unaware and had no reasonable ground for believing that the trade mark of the plaintiff was in use ; and

(ii) that when he became aware of the existence and nature of the plaintiffs trade mark, he forthwith ceased to use the trade mark complained of.

14. A close examination of the above noted provisions of the Trade Marks and Merchandise Marks Act, 1958 reveal that registration of mark in the trade mark registry would be irrelevant in an action for passing off and in deciding whether a particular mark is common to the trade use of that mark would be extremely relevant.

15. We now proceed to consider the judgments relied upon by the learned Counsel for the appellant in support of his submissions.

16. In *Century Traders v. Roshan Lal Duggar* AIR 1974 Delhi 250, it has been held as under:

In an action of passing off in order to succeed in getting an interim injunction the plaintiff has to establish the user of mark prior in point of time than the impugned user of the defendants. The registration of the mark or similar mark prior in point of time to user by the plaintiff is irrelevant in an action for passing off. (para 1.4).

Further held that proof of actual damage or fraud was unnecessary in a passing off action. If there is likelihood of the offending mark invading the proprietary rights of the plaintiff, a case for injunction is made out.

17. The Bombay High Court in *Consolidated Foods Corporation Vs. Brandon and Company Private Ltd.*, , observed that "Rights in a trade mark are acquired by priority in adoption and use. Registration under the statute does not confer any new right to the mark claimed or any greater rights than what already existed at common law and, at equity without registration. Registration itself does not create a trade mark. The trade mark exists independently of the registration which merely affords further protection under the statute. Common law rights are left wholly unaffected. Priority in adoption and use of a trade mark is superior to priority in registration. (Para 27)

18. In case of *Corn Products Refining Co. Vs. Shangrila Food Products Ltd.*, , the Supreme Court laid down the following ruling vis-a-vis user of the mark as opposed to the registration of mark ; "In deciding the question of similarity between the two marks, we have to approach it from point of view of man of average intelligence and imperfect recollection. To such a man the overall structural and phonetic similarity and similarity of the idea in the two marks is reasonably likely to cause confusion between them. (Para 8)"

19. The Supreme Court in *Kaviraj Pandit Durga Dutt Sharma Vs. Navaratna Pharmaceutical Laboratories*, , held "while a passing off action is a common law

remedy being in substance an action for deceit, that is, a passing off by a person of his own goods as those of another, that is not the gist of action for infringement. The action for infringement is a statutory remedy conferred on the registered proprietor for vindication of the exclusive right to the use of the trade mark in relation to those goods."

20. In *Manoj Plastic India v. Bhola Plastic Industries, P.T.C., (Suppl) (1) 428*, it was held "In a passing off action, the plaintiff has to establish the user of the mark prior in point of time than the impugned user by the defendants. The registration of the mark prior in point of time to the user of the plaintiff is irrelevant in an passing off action. Proof of actual damage or fraud is also unnecessary in a passing off action. If there is a likelihood of the offending mark invading the proprietary right, a case for temporary injunction is made out." The defendants have recently adopted their trade mark. If they are sure about the quality and utility of their mirrors, they may sell under any other trade mark. The plaintiffs have a prima facie case and if the defendants are not restrained the plaintiffs shall suffer irreparable loss in business. The balance of convenience is also in favour of the plaintiff. Defendants restrained."

21. Thus, the law is well-settled that in order to succeed the appellant has to establish user of the mark prior in point of time than the impugned user by the respondents. In the preset case, there is no dispute that the appellant has been using the mark which in our opinion is strikingly identical and deceptively similar to the marks adopted by the respondents much prior in point of time than the adoption of the impugned marks by the respondents and the learned District Judge clearly misdirected himself in not examining the issue of prima facie case from the aforesaid aspect.

22. The submission made by the learned Counsel for the respondents that the trade mark "American Centre for Languages" is not registered and the Registrar of the trade mark had asked the appellant to disclaim the word "American" from its trade mark which the appellant has not done, the appellant is not entitled to claim any injunction in respect to the disputed trade mark is wholly unacceptable in view of the fact that in the present case the appellant is not seeking any relief for infringement as available under the provision of the Trade Marks Act.

23. In view of the aforesaid, the finding recorded by the learned District Judge on the issue of prima face case is set aside and we hold that the appellant has a strong prima facie case for being granted ad interim injunction during the pendency of the suit.

24. We now come to the question of balance of convenience. It has been submitted on behalf of the respondents that there is no evidence on record to show that the appellant has suffered any actual damage on account of the impugned user of the mark in dispute by the respondents. We cannot accept the aforesaid submission made by the learned Counsel for the respondents in view of the settled position of law that in passing off action, no proof of actual damage or

fraud is necessary if there is likelihood of the offending trade mark invading proprietary right, a case for injunction is made out. It has been observed in the case of *Draper v. Irist* (1993) 3 ALLER 513 that "in passing off cases, however, the true basis of the action is that the passing off by the defendant of his goods as the goods of the plaintiff injures the right of property in the plaintiff, that right of property being his right to the goodwill of his business, this right is to be protected."

25. From the perusal of the record, we are prima facie satisfied that in case the respondents are permitted to use the impugned trade mark, the same shall result in the passing off by the respondents of their services as the services of the appellant injuring the right of property of the appellant, that right of property being the appellant's right to the goodwill of its business and since this right is to be protected, the balance of convenience lies in favour of the appellant who has established a prima facie right to the property, i.e., the disputed trade mark. The finding recorded by the learned District Judge in the question of balance of convenience is, thus, reversed and it is held that the balance of convenience is in favour of the appellant.

26. We now come to the question of irreparable injury. It has been submitted on behalf of the respondents that there is no evidence on record to show that any loss has been occasioned to the appellant and since the services by the respondents and the appellants are being rendered to educated customers, no one can be misled by the alleged trade mark of the appellant and the respondents.

27. It was also said that the appellant cannot claim monopoly over the use of word "American". The method of teaching of the respondents is totally different and distinct in nature and the appellant is not going to suffer any injury what to say irreparable injury in the event of not being granted ad interim injunction during the pendency of the suit.

28. We do not agree with the submissions made by the learned Counsel for the respondents on the issue of irreparable injury. In a passing off case, the irreparable injury would be the likely confusion that may be caused if the respondents are allowed to use the disputed mark which we have held prima facie as being the mark of the appellant. It is common knowledge that the final decision of the suit will take some time and if the respondents are not restrained by means of an ad interim injunction they would continue to render their service with the offending mark which may ultimately be held to be long user and the ultimate relief of permanent injunction may be refused on the plea of common or concurrent user. Although at the moment, no plea of common or concurrent user has been raised by the respondents, there is nothing to prevent them from doing so in future if they are allowed to use the trade mark for the duration of the pendency of the suit. The likelihood of a confusion being caused and the likelihood of the plea of common or concurrent user being raised at a later stage would be the irreparable injury to the appellant. It is thus clear that the injury

which the appellant may suffer for the reasons stated herein-above in the event of being denied ad interim injunction during the pendency of the suit may not be compensated in terms of damages.

29. In view of the aforesaid, we are of the opinion that the appellant shall suffer irreparable injury in case ad interim injunction is not granted to the appellant during the pendency of the suit. The finding recorded by learned District Judge on the issue of irreparable injury is accordingly set aside.

30. For the reasons given herein-above, the instant first appeal from order is allowed. The judgment and order dated 31.5.08, passed by the learned District Judge rejecting the applications C-5 filed by the appellant for grant of ad interim injunction during pendency of the relevant suit No. 9 of 2008 is set aside.

31. Ad interim injunction is issued restraining the respondents from publicising, continuing and offering their services of language training institute under the impugned marks Anglo American Centre for Languages and/or A.A.C.L., from reproducing any of the artistic or literary features of the pamphlets, study material, brochures, course structure of the appellant and specifically from reproducing the artistic works under the trademarks A.C.L.-American Centre for Languages and A.C.L. during pendency Of Regular Suit No. 9 of 2008.

It is further directed that the learned District Judge, Lucknow shall make every possible endeavour to decide the Regular Suit No. 9 of 2008, A.C.L. Education Centre Pvt. Ltd. v. Anglo American Centre for Languages and Anr. as expeditiously as possible within a period of six months from the date of production of a certified copy of this order. There shall be no order as to costs.