

(2006) 09 MAD CK 0253

In the Madras High Court

Case No : O.S.A. No's. 235 and 236 of 2005

Bharat N. Parikh and Rajen A. Kamdar trading as Safe
Earthing Electrodes MGF. Co. and also as Kalpana Electric Co.

APPELLANT

Vs

Ashok Tripathy trading as Ashlok

RESPONDENT

Date of Decision : 06-09-2006

Acts Referred:

Trade and Merchandise Marks Act, 1958 — Section 27(2)

Trade Marks Act, 1940 — Section 21

Trade Marks Act, 1999 — Section 134, 135, 23(2), 27, 28(3)

Citation : (2006) 4 LW 842

Hon'ble Judges : P.K. Misra, J;M. Jaichandren, J

Bench : Division Bench

Advocate : Gladys Daniel, for N.D. Bahety, for the Appellant; V. Veeraraghavan, for the Respondent

Judgement

M. Jaichandren, J.—Heard the learned Counsel appearing for the appellant as well as the respondent. By consent of the counsels appearing for the appellant as well as the respondent, both appeals have been taken up together for hearing and a common judgement is passed.

2. The appellant in the present appeals is the defendant in the suit C.S. No. 550 of 2005. The respondent herein, who is the plaintiff in C.S. No. 550 of 2005, had filed the suit praying for a judgement and decree in his favour granting:

a) Granting permanent injunction restraining the defendant by himself , his servants or agents or anyone claiming through him from in any manner infringing the plaintiff's well established trademark "S.E.E." by using the offending trademark "S.E.E." or any other mark or marks which are in any way deceptively similar to or a colourable imitation of the plaintiff's well established trade mark "S.E.E." in respect of earthing electrode either by manufacturing or selling or offering for sale or in any manner advertising the same.

b) Granting permanent injunction restraining the defendant by himself, his

servants or agents or anyone claiming through him from in any manner passing off of his "earthing electrode" bearing the offending trade mark "S.E.E." as and for the plaintiff's celebrated "earthing electrode" bearing the well established trade mark "S.E.E." either by manufacturing, selling or offering for sale or in any manner advertising the same;

c) Directing the defendant to surrender to the plaintiff the entire stock of unused offending labels bearing the offending trade mark "S.E.E." along with the blocks and dyes for destruction;

d) Directing the defendant to render a true and faithful account of the profits earned by the defendant through the sale of earthing electrodes bearing the offending trade mark "S.E.E." and directing payment of such profits to the plaintiff for the passing off committed by the defendant;

e) Directing the defendant to pay to the plaintiff the costs of suit.

f) Pass such further order or orders as may be deemed fit and proper in the circumstances of the case.

3. The case of the plaintiff in C.S. No. 550 of 2005 is that he is engaged in the business of manufacturing and selling of earthing electrodes and has been carrying on the business for a long time. In the course of the said business, the plaintiff had honestly conceived and adopted the trade mark "S.E.E." ever since 23.09.1999 for the earthing electrodes manufactured by him. The plaintiff has been regularly and in the course of the trade using a distinctive trademark "S.E.E." for the earthing electrodes manufactured by him. He had applied for registration of the said trademark under the Trade Marks Act, 1999, and it is pending registration.

4. It is the further case of the plaintiff that the defendant had started manufacturing and selling earthing electrodes using the offending identical trademark, which is similar to that of the plaintiff, in order to deceive the unwary purchasers and had unduly enriched himself.

5. The plaintiff had filed O.A. No. 645 of 2005, praying for the grant of an ad interim injunction restraining the respondent by himself, his servants or agents or anyone claiming through him from in any manner infringing the applicant's well established trademark "S.E.E." by using the offending trademark "S.E.E." any other mark or marks which are in any way deceptively similar to or a colourable imitation of the applicant's well established trademark "S.E.E." in respect of earthing electrode by manufacturing or selling or offering for sale or in any manner advertising the same pending disposal of the above suit. O.A. No. 646 of 2005 had been filed by the plaintiff praying for the grant of an ad interim injunction restraining the respondent by himself, his servants or agents or anyone claiming through him from in any manner passing off of his "earthing electrode" bearing the offending trademark "S.E.E." as and for the applicant's celebrated "earthing electrode" bearing the well established trademark "S.E.E."

either by manufacturing, selling or offering for sale or in any manner advertising the same pending disposal of the above suit.

6. The defendant in the suit and the respondent in the applications had filed a counter affidavits stating that the suit filed by the plaintiff was not maintainable and that he has already obtained a Trademark Registration Certificate from the Registrar of Trademarks vide order, dated 14.02.2005, as contemplated u/s 23(2) of the Trade Marks Act, 1999. Whereas, the plaintiff had applied for trademark registration only on 28.09.2004, and it was still pending before the authorities concerned.

7. It is also the further case of the defendant that the plaintiff's trademark is "S.E.E." i.e. Safe Earthing Electrodes, whereas the defendant's trademark is "S.E.E. Logo." Further, the product of the plaintiff is "Pipe in pipe" whereas the defendant's product is "Flat in pipe" or "Strip in pipe" and therefore, the products are entirely different and not similar as alleged. The defendant had also raised various other grounds to show that the suit filed by the plaintiff cannot be sustained in law. The present appeal arises since the learned single judge had confirmed and made absolute the ad interim order of injunction granted in O.A. Nos. 645 & 646 of 2005, by his order, dated 09.08.2005.

8. The appellant herein and the defendant in the suit has further contended that he is engaged in the manufacture and sale of Safe Earthing Electrodes and had adopted the trademark "SEE Logo." He had filed an application for registration of the said trademark on 07.01.2002 in application number No. 1072663 in class 12. The said application had been received by the Registrar of Trade marks on 09.01.2002 and the appellant's mark was advertised in the trademark journal on 25.11.2003 and there was no opposition for registering the same. Therefore, the mark was registered in favour of the appellant with effect from 09.01.2002. Whereas, the plaintiff had applied for registration of his Trademark only on 28.09.2004 and ordered to be advertised by letter, dated 04.04.2005.

9. The appellant herein has further stated that the injunction on account of infringement of registered trademark is not maintainable and that an aggrieved person is entitled to two civil remedies on account of misuse of trademark. One is infringement of registered trademark and the other is passing off. Infringement is a statutory remedy, whereas passing off is a common law remedy. Infringement which is a statutory remedy is available only to the registered proprietor of a trademark. Section 27 of the Trademarks Act bars a suit on account of infringement with respect to an unregistered trademark. Therefore, no application for interim injunction is maintainable with respect to an unregistered trademark. This position is made clear by Section 27 of the Trademarks Act, 1999.

10. It is also stated that according to Section 28(3) of the Act, it is provided that where two or more persons are registered proprietors of trademarks, which are identical with or nearly resemble each other, the exclusive right to the use of any

of those trademarks shall not be deemed to have been acquired by any one of those persons as against any other of those persons. Further, Section 30(2)(e) with regard to the limits on effect on registered trademark indicates that no suit for infringement of registered trademark is maintainable against the registered trademark owner. Further, u/s 35, a manufacturer is entitled to bonafide use of a descriptive expression, which means that both the appellant and the respondent can use the descriptive expression "S.E.E." (safe earthing electrode) and such a descriptive expression, cannot become the exclusive property of any one, to the exclusion of the others. It is clear from the records placed before the court that the respondent had never used "S.E.E." as a trademark to distinguish its goods in the market. The respondent is entitled to use "ASHLOK" as a trademark and not "S.E.E."

11. It was further contended by the appellant that passing off is an exploitation of commercial goodwill and reputation. In order to establish passing off, the respondent has to show that it has commercial goodwill and reputation. The respondent had not produced any material other than a few invoices to show its reputation in the market.

12. It is further stated by the appellant that the turn-over particulars of "ASHLOK" Safe Earthing Electrodes Limited are of no relevance to the suit, since both the appellant and the respondent do not sell their goods to end consumers, as they are sold to leading companies only. Such goods are approved by electrical engineers prior to the purchase. Thus, there cannot be a likelihood of confusion or deception during the sale of earthing electrodes. Further, as stated by the appellant, the respondent has come to the court belatedly and since the appellant's price for the safe earthing electrodes is far above the respondent's price it is unlikely that any purchaser who buys the product will be misled. The test in passing off action is usually considered from the point of view of an unwary purchaser. However, in the instant case, the goods are purchased on advice from qualified engineers and the goods are not available off the shelf. Therefore, there cannot be confusion or deception which could possibly deceive the end consume Rs.

13. On the contrary, it is the case of the respondent that the respondent is a leading manufacturer and seller of earthing electrodes for a long time. He had adopted the trademark "S.E.E." since 23.09.1999 and had applied for registration of its trademark "S.E.E." under application No. 1311772 in Class 9 in respect of "Earthing Electrode". The application was also advertised in the trademarks journal by the Assistant Registrar of Trade Marks on 04.04.2005. The respondent is still doing business on an extensive scale using the above mentioned trademark S.E.E. and it has become distinctive. The respondent had also spent considerable amounts and had taken great efforts in promoting the sale of his products and also maintains high quality and standard. Further, the respondent had been doing sales to the tune of over four crores during the period 1999 to March, 2005.

14. It is also the further case of the respondent that the appellant herein was purchasing earthing electrodes from the respondent since the year 2000-2001, and the appellant has full knowledge about the sale of earthing electrodes by the respondent under the trademark "S.E.E." The appellant had virtually copied the well established trademark of the respondent with ulterior motives and dishonest intentions. The respondent further states that the contention of the appellant, that the suit is not maintainable since the appellant's trademark had already been registered and that the respondent had to approach the Intellectual Property Appellate Board under the appeal provision, is untenable.

15. It is also contended by the respondent that the question of filing an appeal does not arise as long as the appellant is infringing the respondent's trademark. It is further stated that as per the provisions of Sections 134 and 135 of the Trade Marks Act, 1999, infringement and passing off action is to be filed before the District Court, in this case before the Original Side of this Honourable Court. Further, the appellant's registration of the trademark will not be a defence in a passing off action. In an action for passing off prior user gets a valid right as compared to the registered proprietor of the trademark. No actual proof of damage or confusion is necessary in the case of passing off action.

16. It is also the case of the respondent that he had already filed a rectification proceedings before the Registrar of Trademarks for cancellation of the registration granted to the appellant's trademark and the said rectification proceedings is pending before the Registrar of Trademarks, Chennai, who is the appropriate authority. Further, the comparison of the appellant's trademark "SEE" with the respondent's trademark "S.E.E." and saying that there is a full stop in between the letters is not acceptable since both the marks are identical and phonetically similar. It is the respondent's case that no purchaser will ask for the earthing electrode mentioning as "S.E.E.". while purchasing the earthing electrode and they only would ask for "SEE". It has also been pointed out by the respondent that the appellant had not stated as to when he has commenced using the trademark "SEE" since he had applied for registration as a proposed mark on 09.01.2002. The appellant is a recent user and the appellant's initial adoption of the trademark itself is dishonest. The appellant has not denied the user claimed by the respondent either before the lower Court or before this Court. It is a new plea which has been raised by the appellant before this Court that the current user of the trademark "S.E.E." is M/s.Ashlok Safe Earthing Electrode Ltd. The respondent submits that the said company is the sole selling agent and the respondent is the owner of the trademark. It is further submitted that a new document cannot be filed before this Court and relied upon in the absence of a formal application for that purpose.

17. It is further stated by the respondent that the respondent is having two separate trademarks of "S.E.E." and Ashlok and two different registered applications have been filed. The aspects regarding quality, price, design etc., referred to by the appellant are immaterial as the suit in question is relating to

the use of the trademark. It has been further pointed out by the respondent that learned single Judge has observed that the respondent had been carrying on business since 1999 and had been supplying its products to the appellant which itself goes to prove that the respondent is the prior user and the adoption of the offending trademark by the appellant is dishonest. It has been further held that the trademark of the appellant is similar to that of the respondent and the respondent has proved its goodwill over the trademark in question. Therefore, it is stated by the respondent that the Original Side appeals ought to be dismissed as being devoid of merits.

18. On the other hand, the learned Counsel appearing on behalf of the appellant has stated that the respondent has been using the word ASHLOK and S.E.E. to denote "safe earthing electrodes" as their brand name. Even if it is accepted as the brand names, the letters S.E.E. would only denote the descriptive terms ie."safe earthing electrodes". Before deciding the issue of infringement or an action of passing off, the surrounding circumstances ought to be taken into account. It is also contended by the appellant that the class of consumers is to be seen before deciding on the issue of infringement or an action of passing off and to find out whether there would be a possibility of deception for an agent to mislead the consumers. Further, there is nothing shown on behalf of the respondent that he had established a reputation and goodwill in favour of his alleged trademark. There is no proof to show that large sums of money have been spent on advertisements as claimed by the respondent.

19. As stated earlier, the plaintiff in C.S. No. 550 of 2005 is the respondent in both the present appeals O.S.A. Nos. 235 of 2005 and 236 of 2005. The plaintiff had filed the suit C.S. No. 550 of 2005 before this Court on its Ordinary Original Civil jurisdiction against the defendant therein. The plaintiff had filed Original Application No. 645 of 2005 praying for the grant of an ad interim injunction restraining the respondent by himself, his servants or agents or anyone claiming through him from in any manner infringing the applicant's well established trademark "S.E.E." by using the offending trademark "S.E.E." any other mark or marks which are in any way deceptively similar to or a colourable imitation of the applicant's well established trademark "S.E.E." in respect of earthing electrode by manufacturing or selling or offering for sale or in any manner advertising the same pending disposal of the above suit. The plaintiff had also filed an application in O.A. No. 646 of 2005 for the grant of an ad interim injunction restraining the respondent by himself, his servants or agents or anyone claiming through him from in any manner passing off of his "earthing electrode" bearing the offending trademark "S.E.E." as and for the applicant's celebrated "earthing electrode" bearing the well established trademark "S.E.E." either by manufacturing, selling or offering for sale or in any manner advertising the same pending disposal of the above suit.

20. Interim orders had been granted in the said applications by a learned single Judge of this Court by his orders, dated 24.06.2005. The appellant's herein had

filed application No. 2675 of 2005 for vacating the interim injunction granted by this Court in O.A. No. 645 of 2005 by its order, dated 24.06.2005. The appellant had also filed another application No. 2713 of 2005 to vacate the interim injunction granted on 24.06.2005 in O.A. No. 646 of 2005. After hearing the learned Counsels for the applicant as well as the respondent, the interim orders granted on 24.06.2005, had been made absolute by a common order and judgment, dated 09.08.2005. Against which, the present appeals O.S.A. Nos. 235 of 2005 and 236 of 2005 have been filed.

21. On hearing the rival contentions of the learned Counsels appearing for the appellant as well as the respondent and on a perusal of the documents placed before this Court, the main aspects relied upon by the learned Counsels and found necessary to be decided at this stage are taken for consideration in the present appeals. The learned Counsel appearing for the appellant had contended that the letters S.E.E. would only denote "Safe Earthing Electrodes" which are only descriptive terms and therefore, there cannot be an argument to project it as an exclusive trade mark by the respondent herein. Further, the appellant had filed an application for registration of the trademark "SEE" on 07.01.2002 in application No. 1072663 in class 12 and it had been registered in favour of the appellant with effect from 09.01.2002. Whereas, the respondent had applied for registration of its trademark only on 28.09.2004 and it is still pending registration. Therefore, use of the trademark "SEE" by the appellant prima facie is valid in law.

22. It is also the case of the appellant that the respondent had approached this Court after the lapse of many years, even though they had knowledge of the alleged use of the contentious trademarks by the appellant. To support the said argument, the appellant had shown that he had put up a hoarding at Nethaji Subash Chandra Bose Road, Chennai, from the month of January, 2002. Whereas, the respondent had put up a hoarding next to that of the appellant thereafter having knowledge of the appellant's hoardings and the respondent had come before this Court by way of filing a suit in C.S. No. 550 of 2005 only in the month of June, 2005. The respondents had not shown reasons for the delay in approaching this Court for the reliefs claimed by him. It has also been found from the records placed before this Court that the appellant had applied for registration of the trademark "SEE" on 07.01.2002 which was advertised in the trademark journal on 25.11.2003 and registered in favour of the appellant with effect from 09.01.2002 whereas, the respondent had applied for registration of his trademark only on 28.09.2004 and ordered to be advertised in the trademark journal by a communication, dated 04.04.2005. The respondent had not chosen to object to the use of the allegedly infringing trademark by the appellant. On the other hand, the appellant is said to have been using the trademark for a considerable length of time without any interruption. It has also been stated by the appellant that the cost of the appellant's product viz., the earthing electrodes have been priced higher than that of the earthing electrodes manufactured by the respondent. Since the earthing electrodes are purchased by

its users on the advice of technically qualified persons, the end users may not be misled into buying the appellant's products as that of the respondents.

23. The learned Counsel appearing for the appellant had relied on the decision of the Supreme Court in *Kaviraj Pandit Durga Dutt Sharma Vs. Navaratna Pharmaceutical Laboratories*, , in which the Apex Court had pointed out the difference between an action for passing off and an action for infringement of trade mark, while dealing with Section 21 of Trade Marks Act, 1940, stating as follows:

An action for passing off 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. But that is not the gist of an action for infringement. The action for infringement is a statutory remedy conferred on the registered proprietor of a registered trade mark for the vindication of "the exclusive right to the use of the trade mark in relation to those goods". The use by the defendant of the trade mark of the plaintiff is not essential in an action for passing off, but is the *sine qua non* in the case of an action for infringement. No doubt, where the evidence in respect of passing off consists merely of the colourable use of a registered trade mark, the essential features of both the actions might coincide in the sense that what would be a colourable imitation of a trade mark in a passing off action would also be such in an action for infringement of the same trade mark. But there the correspondence between the two ceases. In an action for infringement, the plaintiff must, no doubt, make out that the use of the defendant's mark is likely to deceive, but where the similarity between the plaintiff's and the defendant's mark is so close either visually, phonetically or otherwise and the Court reaches the conclusion that there is an imitation, no further evidence is required to establish that the plaintiff's rights are violated. Expressed in another way, if the essential features of the trade mark of the plaintiff have been adopted by the defendant, the fact that the get up, packing and other writing or marks on the goods or on the packets in which he offers his goods for sale show marked differences, or indicate clearly a trade origin different from that of the registered proprietor of the mark would be immaterial; whereas in the case of passing off, the defendant may escape liability if he can show that the added matter is sufficient to distinguish his goods from those of the plaintiff.

24. It was pointed out that the Supreme Court in *Cadila Health Care Limited v. Cadila Pharmaceuticals Limited* reported in 2000(1) CTMR 288 , had held as follows:

20. Broadly stated, 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:

- a) 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;
- b) The degree of resemblance between the marks, phonetically similar and

hence similar in idea;

- c) The nature of the goods in respect of which they are used as trade marks;
- d) The similarity in the nature, character and performance of the goods of the rival traders;
- e) 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;
- f) The mode of purchasing the goods or placing orders for the goods; and
- g) Any other surrounding circumstances which may be relevant in the extent of dissimilarity between the competing marks.

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.

Relying on the above decisions, it was contended that the learned single Judge had not applied the relevant yardstick while granting the orders of an interim nature.

25. Per contra, the learned Counsel for the respondent had relied on various cases to contend that in order to see whether one mark is deceptively similar to another, only the broad and essential features are to be considered. He had pointed out that in the case of Parle Products (P) Ltd. Vs. J.P. and Co., Mysore, the Supreme Court has held as follows:

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. They should not be placed side by side to find out if there are any differences in the design and if so, whether they are of such character as to prevent one design from being mistaken for the other. 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. It is of no use to note on how many points there is similarity and in how many others there is absence of it.

26. Further, in N.R. Dongre and Others Vs. Whirlpool Corporation and Another, it was held u/s 27(2) Trade and Merchandise Act, 1958, an action for passing off against registered user of trade mark is maintainable at the instance of a prior user of the same, similar or identical mark. Since such a remedy is available against the registered user of a trade mark, an interim injunction restraining him to use the mark can also be granted to make the remedy effective. The rights of action u/s 27(2) are not affected by Section 28(3) and Section 30(1)(d). Therefore, registration of a trade mark would be irrelevant in an action for passing off. Registration of a trade mark in fact does not confer any new right on the proprietor thereof than what already existed at common law without registration of the mark.

Based on the cases cited above, it is seen that all the relevant factors are to be considered by the Courts concerned, only cumulatively and not in isolation, before coming to a conclusion.

27. On carefully weighing the rival contentions put forth and on considering the facts and circumstances of the case, we are of the view that the judgment and decretal order of the learned single Judge, dated 09.08.2005, ought to be set aside and in such view of the matter the Original Side Appeal Nos. 235,236 of 2005 stand allowed. However, it is made clear that the trial Court would decide the matter after giving sufficient opportunity to the parties concerned to raise all the necessary issues, including those which have been placed before this Court in the present appeals, and would decide the issues involved without being influenced by the observations and the opinions which have been expressed earlier by the learned single Judge and by us in the present appeals.