

(1989) 01 DEL CK 0019

In the Delhi High Court

Case No : Interim Application No. 2275 of 1988 and Suit No. 941 of 1988

Hindustan Pencils (P) Ltd.

APPELLANT

Vs

India Stationery Products Co. and Another

RESPONDENT

Date of Decision : 23-01-1989

Acts Referred:

Citation : AIR 1990 Delhi 19 : (1989) 2 ARBLR 72 : (1989) 38 DLT 54

Hon'ble Judges : B.N. Kirpal, J

Bench : Single Bench

Advocate : Anoop Singh, H.P. Singh, Manmohan Singh, Parveen Anand and V.P. Ghiraya, for the Appellant;

Judgement

B.N. Kirpal, J.

(1) The plaintiffs have filed a suit for perpetual injunction alleging infringement of their registered trade mark and have also prayed for a decree for rendition of accounts of profits against the defendants. Along with this suit, an application under Order 39 Rules 1 and 2 has also been filed for an interim injunction against the defendants, for restraining them from infringing the said mark.

(2) Facts, relevant for the disposal of the application for injunction, may first be noticed. It is alleged by the plaintiffs that they are the proprietors of the following two registered trade marks:

(A) Trade mark Nataraj with the device of Nataraj under No. 260466 dated 6.11.1969 claiming user since 22.2.1961 in respect of pencils, refills for propelling pens and pencils, pen sharpeners, pens, fountain pens eraser spin ,clips and staples included in class 16. (b) Device of Nataraj under No. 283730 dated 27.10.1972 in respect of pencils all kinds, erasers, refills for propelling pens and pencils, pencil sharpness ,pens, fountain pens, pins, clips, wire staples for stapling presses and pins.

According to the plaintiffs, the aforesaid .marks were adopted by them in the

year 1961 and after registration the same are still valid and subsisting in the register of Trade Marks. It is the case of the plaintiffs that they are incurring large expense of thousands of rupees by way of advertisement and the sale of their products under the trade mark of Nataraj is over eight crores. The plaintiffs have also placed on record copy. The certificate of their registered trade mark along with their registered label. Some of the labels and cartons bearing the said mark and advice are printed in red colour. One such label contains the name "Nataraj" and also has the photograph of the dancing Nataraj, which is the advice which has been registered.

(3) According to the plaintiffs, in the middle of the year 1985 they got to know that the defendants ha4 surreptitiously got registered a copyright, with the Office of the Registrar of Copyright, a label similar to that of the plaintiffs in respect of pins. The defendants got this copyright in respect of pins under the name of Nataraj and a copy of the carton, which has been filed in Court, shows that the defendants have not only used the registered name of the plaintiffs, namely, Nataraj but have also used the device of the dancing Nataraj which is identical to the dancing figure which has been registered by the plaintiffs with the Registrar of Trade Marks.

(4) It is alleged by the plaintiffs that the conduct of the defendants is fraudulent inasmuch as they are using the trade mark and the device of Nataraj in respect of stationery pins even though the plaintiffs are the registered owners of the said trade mark and device. This alleged "deliberate and dishonest act on the part of the defendants is stated to be causing a damage to the plaintiffs" name, goodwill and business. According to the plaintiffs, pecuniary compensation will not afford them an adequate relief and if injunction is not granted, the plaintiffs will suffer irreparable loss and injury to the business, name, reputation and goodwill.

(5) It is further contended that after the plaintiffs go to know about the wrongful registration of the copyright by the defendants, they applied in June, 1985 with the Registrar of Copyright for rectification and cancellation of the defendants' registration. The proceedings so initiated are still stated to be pending before the Registrar of Copyright.

(6) On the basis of the allegations contained in the plaint and the application, supported by the documents placed on record, an ad interim ex parte injunction was granted, inter alia, restraining the defendants from manufacturing or selling pins and clips in the carton bearing the trade mark and device Nataraj of which trade mark and device the plaintiffs were the registered owners.

(7) The defendants filed their written statement and reply to the application. It is not necessary to refer to the averments made in the written statement and the reply, with regard to the merits of the case. in any great detail because the main objection which has been raised therein, and which is the only contention which has been argued before me at length by the learned counsel for the defendants, is that there has been an inordinate delay on the part of the plaintiffs In filing the

present suit. It is contended by the defendants that the plaintiffs were aware of the use of the trade mark Nataraj by the defendants since the year 1982, when the advertisements of the plaintiffs and the defendants appeared in the Magazine under the name "Paper & Stationery Samachar of March, 1982. It is contended that there has been delay of more than six years in filing the present suit. It is also alleged that the plaintiffs have not used the trade mark Nataraj for paper pins and clips on a commercial scale prior to the defendants. The defendants have alleged, in their reply to the application under Order 39 rules I and 2, that the sale of their goods between the year 1980-81 and 1987-88 ranged between Rs. 6,96,799 90 and Rs. 11.39,978.62 per year.

(8) The plaintiffs filed their rejoinder to the reply filed to the application under Order 39 rules I and 2. According to the plaintiffs, they became aware of the use of the trade mark Nataraj by the defendants only in June, 1985. It is also the case of the plaintiffs that they have sales of pins and clips under the trade mark Nataraj. It is further alleged that as the plaintiffs are the registered proprietors, they have the exclusive right to use the trade mark Nataraj and that it is not necessary for them to have huge sales in order to get protection.

(9) The main question which really arise for consideration before me is whether the plaintiffs are not entitled to the grant of an interim injunction because of inordinate delay or laches or acquiescence, as alleged by the defendants. The defendants have not sought to contend before me that the use of the mark does not infringe the plaintiffs' registered trade mark. In other words, the argument proceeded on the basis that the mark used by the defendants was similar to the registered trade mark of the plaintiffs. Shri Anand fairly conceded that if the defendants' defense of the plaintiffs being guilty of inordinate delay or acquiescence is not accepted then, in that case, interim injunction may have to be issued because there is, admittedly, an infringement by the defendants of the plaintiffs, registered trade mark.

(10) u/s 28(1) of the Trade and Merchandise Marks Act, 1958, the registered proprietor of a trade mark gets the exclusive right to use the said mark in relation to the goods in respect of which the trade mark is registered and the said owner also gets a right to obtain relief in respect of infringement of the trade mark in the manner provided by the Act. Section 29 of the Act, inter alia, provides that a registered trade mark is infringed by a person who, not being the registered proprietor of the trade mark or a registered user thereof, either uses or permits the use of the trade mark which is identical with or deceptively similar to the registered trade mark in relation to any goods; Sub-section (2) of Section 29 relates to marks which are registered in part B of the Register and it is not necessary to refer to the said provision because in the present case it is an admitted case of the parties that the marks of the plaintiffs have been registered in Part A of the Register. It may, however, be noted that u/s 29(2) an injunction in respect of a trade mark registered in part B of the Register will not be granted if the defendant establishes that the use of the mark, of which the plaintiff

complains, is not likely to deceive or cause confusion or to indicate a connection in the course of trade between the goods in respect of which the trade mark is registered and some person having the right either as a registered proprietor or as a registered user, to use the trade mark. Section 106 of the said Act specifically provides for the Court being entitled to grant the relief of an injunction in any suit for infringement or passing off which may be instituted before it. The relief of injunction may be in addition to prayer for damages or an account of profits, together with .or without any order for the delivery up of the infringing labels and marks for destruction or erasure.

(11) While an action for infringement is taken in respect of trade marks which are registered, an action for passing off is in respect of goods for which the marks have not been registered but in respect of which marks, over a period of time, the user has acquired proprietary right. The difference between an action - for infringement any for passing off has been succinctly explained by the Supreme Court in the case of Kaviraj Pandit Durga Dutt Sharma Vs. Navaratna Pharmaceutical Laboratories, . The Court observed that there is a basic difference between the causes of action and the right to relief in suits for passing off and for infringement of a registered trade mark and it was also incorrect lo equate the essentials of a passing off action with those in respect of an action complaining of an infringement of a registered trade mark. The following passage clearly brings out the essential similarities and the differences in respect of the reliefs which may be claimed in the aforesaid two types of causes of action:

THE finding in favor of the appellant to which the learned Counsel drew our attention was based upon dissimilarity of the packing in which the goods of the two parties were vended, the difference in the physical appearance of the two packets by reason of the variation in their colour and other features and their general gel-up together with "the circumstance that the name and address of the manufactory of the appellant was prominently displayed on his packets and these "features were all set out for negating the respondent"s claim that the appellant had passed off his goods as those of the respondent. These matters which are of the essence of the cause of action for relief on the ground of passing off play but a limited role in an action for infringement of a registered trade mark by the registered proprietor who has a statutory right to that mark and who has a statutory remedy in the event of the use by another of the mark or a colourable imitation thereof. While 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 .that is not the gist of an action for infringement .The action for infringement is , 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" (Vide S. 21. of the Act). 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 limitation 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 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.

(12) As already observed earlier, in the instant case the action is for infringement of the plaintiff's registered trade mark. As stated by the Supreme Court in Durga case (supra), for such an action to succeed the plaintiff has merely to show that the essential features of the trade mark have been adopted by the defendant. This is because in such an action his statutory right granted under s. 28 of the Trade Marks Act gives him the exclusive right to

(13) Experience has shown that in cases involving infringement of intellectual property rights, considerable importance is attached to the decision of the application for the grant of interim relief. Filing of such an application has been commented upon by Kerly in Law of Trade Marks and Trade Names at page 320 as follows ;

"THE plaintiff in an infringement or "passing-off" action may move, as soon as the action is commenced, for an interlocutory injunction to restrain the defendant, until the hearing of the action or further order, from continuing or committing the infringement or deceptive conduct of which he complains. Quite apart from the advantages of stopping the infringement without delay, experience shows that a successful motion for interlocutory injunction normally puts an end to the litigation and the infringement with a great saving in expense compared with a full trial. Accordingly such a motion should be considered in every case-and accordingly, proprietors of trade marks should make it a rule to take action upon every instance of infringement with the necessary speed to enable such a motion to be launched. In extremely urgent cases an ex parte injunction may be obtained before the full hearing of the application or an Anton pillar order, for inspection of the defendant's premises without prior warning and discovery of his records, may be obtainable."

The principles on which interlocutory relief is granted in such cases in England is clear from the following passage from Kerly's book at page 321

"A plaintiff applying for interlocutory relief must show an arguable case defendant, and that (if he is right) continuance of the defendant's activities until the trial is likely to cause substantial damage to him that is irreparable in the sense that it will not be compensated by an order for damages at the trial. He need not in general show a strong prima facie case-say, a 20 per cent chance of success at the trial will do-but something more is needed than a case that will avoid being struck out as frivolous or vexatious. In trade-mark infringement cases irreparable damage, in this sense is relatively easily shown, since infringement may easily destroy the value of a mark or at least nullify expensive advertising in a way that is hard to quantify for the purpose of an inquiry into Damages."

(14) The aforesaid opinion was based on a number of cases including the case of *American Cyanamid v. Ethicon*, (1975) R.P.C. 53. The case of *American Cyanamid* was analysed by Brian C. Reid in his book "A practical Guide to Patent Law" and he summarised the judgment of Lord Diplock, in which he had enunciated the need for step-wise approach to the grant of an interlocutory relief, in the following words:

(1) Does P (plaintiff) have an arguable case? If the answer is "no", P fails in limine. But if the answer is "Yes", proceed to step (2). (2) Assuming that P was to win at trial, can he be adequately compensated by damages? If the answer is "Yes", then no injunction. But if the answer is "no", proceed to step (3). (3) Assuming, conversely, that D (defendant) was to win at trial, could D be adequately compensated for his interim exclusion from the market by P's cross-undertaking in damages? If the answer is "no", then no injunction but if the answer is "yes", then the adequacy in itself provides no ground to refuse injunction-which conclusion is not tantamount to finding that an injunction should be granted. So then (as well as in any case where "adequacy" of damages in step(2) or (3) is on the evidence adduced-doubtful) proceeds to step (4). (4) Where lies the balance of convenience generally? If the balance is tilted neither way then proceed to step (5). (5) Where lies the status quo? This should be preserved, as far as possible. But if this test still fails to tip the scales one way or the other, then proceed to the final step (6). (6) Which party has the apparently stronger case on the evidence adduced? Decide in favor of the stronger party, provided that there is a clear disproportionate in relative strength.

(15) The position in America is not very different from that what has been stated hereinabove. In "Trade-marks and Unfair Competition" by J. Thomas McCarthy, relying upon the decision in America, five basic criteria have been laid down which must guide the Court while exercising its discretion whether to grant a preliminary injunction or not. These five criteria are as follows:

(1) Can plaintiff show a probability of success at the ultimate trial on the merits? (2) Can plaintiff show that he will suffer "irreparable injury" pending a full trial on the merits? (3) Will a Preliminary injunction preserve the "status quo" which preceded the dispute? (4) Do the hardships balance in favor of plaintiff?

(5) Is a preliminary injunction necessary to protect third parties.

(16) It has been contended by the learned counsel for the defendants that there has been inordinate delay on the part of the plaintiffs in approaching this Court and, Therefore, on this ground alone no interim relief should be granted. It is also submitted by Mr. Anand that I, e is entitled, in this case, to raise successfully the other equitable defense of the plaintiffs having acquiesced to the defendants user of the impugned mark.

(17) It has first to be considered as to that is the meaning which has been ascribed to the expressions "inordinate delay", "lakes" and "acquiescence".

(18) Shri Anand, learned counsel for the defendants, has fairly conceded that mere delay, without anything more, cannot by itself be regarded as a good defense. This also seems to be the correct position in law. "Inordinate delay", however, has been a factor which has been taken into consideration while declining the relief of a grant of temporary injunction. In the case of *Vine Products Limited & Others v. Mackenzie and Company Limited & Others* (1969) R. P.C.I, the delay in approaching the Court was nearly 100 years. The question in that case was whether the plaintiffs were entitled to a declaration that they could call their product British Sherry. The defendants filed a counter-claim for an injunction to restrain the plaintiffs from passing off their wines as Sherry which was the produce of Jerez District of Spain. The Court held that the word "Slerry" had been used for British products of the same type of wine for nearly a hundred years and, Therefore, there was inordinate delay on the part of the defendants and they were not entitled to the grant of an injunction. A declaration was issued whereby the plaintiffs were entitled to call their products British Sherry. In the case of *Cluett, Peabody v. McIntyre, Hogg* (1958) R.P.C. 335 .an injunction was not granted because the plaintiffs had approached the Court after nearly 30 years. Inordinate delay" would, Therefore, be delay of such a long duration that the defendant could have come to the conclusion that the plaintiff has, possibly, abandoned his right to seek relief or to object to the defendant using the trade mark. "Equity aids the vigilant, not those who slumber on their rights."

(19) It would appear that "inordinate delay", which has never been defined by the Courts so far, would be analogous or similar to lakes". In *Whitman v. Disney Productions*, 263 F2d 229 it was observed by the 9th Circuit Court of Appeal in U.S.A. as follows:

MERE passage of time cannot constitute lakes, but if the passage of time can be shown to have lulled defendant into a false sense of security, and the defendant acts in reliance thereon, lakes may, in the discretion of the trial court, be found.

It would follow, logically, that delay by itself is not a Sufficient defense to an action for interim injunction, but delay coupled with prejudice caused to the defendant would amount to lakes". As observed by Mccarthy at page 383 "lakes==delay X prejudice. In this formula. it is the magnitude of the product of delay and prejudice which must be weighed, not the magnitude of solely the

quantum of delay or prejudice alone. For example, in one case, a long delay coupled with even a slight amount of prejudice may suffice to prove an adequate defense of laches. Yet, in another case, a short delay coupled with a great amount of resulting prejudice to defendant may also suffice for laches". It has been emphasised that it is for the defendant to show that there has been prejudice caused by reason of the delay and that it would be unfair to inject the defendant from carrying out its activities.

(20) "laches" and "Inordinate delay" however, are not similar to "acquiescence". Acquiescence is a different concept which has been explained by Kerly at page 310 paragraph 15.45 as follows:

THE classic case of acquiescence proper is where the proprietor, knowing of his rights and knowing that the infringer is ignorant of them, does something to encourage the infringer's misapprehension, with the result that the infringer acts upon his mistaken belief and so worsens his position. It seems clear that something less than that is needed to offer a defense, but how much less is not clear. The current tendency is to hold that a defense of acquiescence or laches may be set up whenever it is unconscionable for the plaintiff to deny anything that he (consciously or unconsciously) has allowed or encouraged the defendant to believe. Mere failure to sue, without some positive act of encouragement, is not in general enough to give a defense. A defendant who infringes knowing of the plaintiff's mark can hardly complain if he is later sued upon it, nor is a defendant who starts to infringe without searching the Register of Trade Marks in any better position than if he had searched and so learned of the plaintiff's mark. Acts of the proprietor done in ignorance of the infringement, or even done without his own registration in mind, will not amount to acquiescence. A defense of estoppel by acquiescence is to be distinguished from a defense that by delay the mark has become public *in jure*.

One of the cases relied upon by Kerly is that of *Electrolux v. Electrix* 71 R.P.C. 23. In that case the defendants had been using the mark *Electrix* for a period of ten years. The plaintiffs filed a suit for injunction alleging that the use of the mark by the defendant amounted to an infringement of the plaintiffs' registered mark. The defendant alleged that there was a bona fide user of the mark by them. It was sought to be contended that the plaintiffs had acquiesced to the defendants' user and, therefore, were not entitled to any relief. Evered J., first dealt with the question as to what would amount to acquiescence. It was observed by him as follows:

UPON this matter, a great deal of learning has been referred to, and we have also had our attention drawn to a number of cases. The latter include the well-known statement in *Willmott v. Barber* (1880) 15 Ch. D. 96 by Fry, J. (as he then was) at p. 105. He said this: "It has been said that the acquiescence which will deprive a man of his legal rights must amount to fraud, and in my view that is an abbreviated statement of a very true proposition. A man is not to be deprived of his legal rights unless he has acted in such a way as would make it fraudulent for

him to set up those rights". Let me pause here to say that I do not understand that, by the word "fraudulent", the learned Judge was thereby indicating conduct which would amount to a common law tort of deceit, " What, then, are the elements or requisites necessary to continue fraud of that description? In the first place the plaintiff must have made mistake as to his legal rights. Secondly, the plaintiff must have expended some money or must have done some act (not necessarily upon the defendant's land) on the faith of his mistaken belief. Thirdly, the defendant, the possessor of the legal right, must know of the existence of his own right which is inconsistent with the right claimed by the plaintiff. If he does not know of it he is in the same position as the plaintiff, and the doctrine of acquiescence is founded upon conduct with a knowledge of your legal rights. Fourthly, the defendant, the possessor of the legal right, must know of the plaintiff's mistaken belief of his rights. If he does not, there is nothing which calls upon him to assert his own rights. Lastly, the defendant, the possessor of the legal right, must have encouraged the plaintiff in his expenditure of money or in the other acts which he has done, either directly or by abstaining from asserting his legal right". In reading that passage, it is perhaps necessary to note (because it makes it at first sight a little more difficult to follow) that the position of plaintiff and defendants as they are usually met with are there transposed, and that one of the parties who is there spoken of as the plaintiff corresponds with the present case with the Defendants, and vice versa.

(21) Applying the aforesaid test, the Court of Appeal concluded that there was no fraud which had been played on the defendant by the plaintiff and that the plaintiff was not guilty of acquiescence. A contention was also raised that for a period of nearly ten years no action had been taken by the plaintiff and, Therefore, no relief should be granted .This contention was rejected by Evered M.R. in the following words:

I think ,upon analysis, that Mr. Shelley's argument must, in the end of all, come to this, that the owner of a registered trade mark who for a substantial period of time has lain by and not asserted his rights has lost those rights, notwithstanding that they are, rights conferred, upon him by statute. I think so to hold, at any rate in a case where the length of time involved is no greater than in this case, would be to introduce a wholly novel-nay, revolutionary doctrine, and I think also that it would be contrary to the principles laid down by the decided cases.

The Court was of the opinion that unless something is added to delay the defendant could not continue to use the infringing mark.

(22) It is not very clear; and this is still a very grey area, as to whether acquiescence or laches will be regarded as a good defense to the grant of a permanent injunction in the case of infringement of a registered trade mark.

(23) Some Courts have declined to grant interim injunction, on ground of laches or acquiescence, while not refusing permanent injunction. In the American case

of *Helena Rubenstein, Inc. v. Frances Demy, inc.* 1968 Dc NY 286, F Supp. 132 it was observed as follows:

WHILE laches may not be a sufficient bar to a permanent injunction, it may well be a bar to preliminary relief. The preliminary injunction is sought upon the theory that there is an urgent need for speedy action to protect the plaintiff's rights. By sleeping on its rights a plaintiff demonstrates the lack of need for speedy relief and cannot complain of the delay involved pending any final relief to which it may be entitled after a trial on all the issues.

(24) As observed by McCarthy at page 388 "Later cases have developed this rule into a two tier approach : a given set of facts showing plaintiff's delay and resulting prejudice to defendant may bar monetary recovery but will not bar the issuance of an injunction against future infringements. The Supreme Court later held while laches may not be sufficient to deny relief against instances of "conscious infringement or fraudulent imitation", laches could bar relief against a good faith, "indecent" infringer. That is, the Supreme Court held that where defendant, in good faith, and without any prior notice of plaintiff's rights, selected a mark confusingly similar to plaintiff's mark, plaintiff's delay constituting laches would bar the issuance of an injunction as well as the granting of damages and profits.

(25) "HOWEVER, if defendant acted fraudulently or with knowledge of plaintiff's rights, then relief by injunction is accorded, even though laches and acquiescence bar the recovery of damages or profits... ..The Courts have been very reluctant to deny injunctive relief because of plaintiff's delay when it appears that defendant knowingly and deliberately adopted the mark which is an infringement. If such facts are shown, only in an exceptional case will laches bar injunctive relief". In *Anheuser-Busch v. Du Bois Brewing Co.* 175 F2d 310 the Court referred to "the doctrine that a fraudulent infringer cannot expect tender mercy of a court of equity that mere delay by the injured party in bringing suit would not bar injunctive relief".

(26) Dealing with delay and the question of grant of interlocutory injunctions, W.W. Kerr in his Treatise "On the Law and Practice of Injunctions", Sixth Edition at pages 360-361 observed as follows:

MERE delay after knowledge of the infringement to take proceedings. not sufficient to call the Statute of Limitations into operation, or where the infringement continues, is not, it seems, a bar to the right of an injunction at the trial. Lapse of time unaccompanied by anything else is, it seems, no more a bar to a suit for an injunction in aid of the legal right than it is to an action of deceit. But delay may cause the Court to refuse an interlocutory injunction, especially if the defendant has built up a trade in which he has notoriously used the mark.

(27) It appears difficult for me to comprehend the distinction which the courts have sought to make between the grant of interim injunction and permanent injunction. If on the facts which are clearly discernible from the record it appears

that after trial a permanent injunction is likely to be, granted, notwithstanding the delay on the part of the plaintiff in approaching the Court, there appears to be no reason as to why temporary injunction should be refused.

(28) It is no doubt true that trade mark, copyright or a patent; belongs to a registered owner and, in "the sense, is his monopoly because he has the exclusive right to use the same. Nevertheless, specially as far as trade marks are concerned, the said mark is also meant to distinguish the goods of the owner of the mark from that of the other manufacturers. This distinguishing mark is primarily, probably solely, for the benefit of the consumer. A trade mark is a representation by the owner to the consumer informing him that the goods in question bearing a particular trade mark have been manufactured or marketed by the owner of the mark. With the passage of time, if the goods are of good quality and become popular, the trade mark becomes well-known. People buy the goods after seeing the trade mark which is applied to them. Specially in Third World Countries, where level of education is not very high and where the consumer may not be proficient enough to read what is written, possibly in a language which is unknown to the purchaser, the trade mark assumes greater significance. It is the duty of the courts to protect the interest of such unwary customers. It is for the court to see that an unscrupulous infringer does not cheat the general public by selling spurious goods by using trade marks which do not belong to him and which are associated with goods of repute. It is no doubt true that giving protection to the consumer would necessarily amount to giving relief to the plaintiff, even though plaintiff may have slept over his right for a number of years. But, when it becomes known that stolen property, and infringement amounts to stealing another person's intellectual property, is being sold in the market to unwary customers, it would be in the public interest that protection is granted to the members of the public. It is not unknown, and indeed it is unfortunate though common, that spurious medicine, life saving drugs and other articles of general public use are illegally made or manufactured and sold in the market. The manufacturer of the genuine products may not be adversely affected by such sales and may not choose to approach the Court for a number of years but, as far as the general public is concerned, the sale of spurious goods results in the public spending good money for bad things. It is the general public which is being cheated.

(29) If an action is taken by the registered owner and no interim interim injunction is granted, the effect is that goods bearing the infringing mark or spurious goods would continue to be sold in the market. After a number of years when the case is finally disposed of, after trial, and the plaintiff succeeds and gets a permanent injunction then, possibly, the plaintiff may also be compensated by his being awarded damages or an account of profits. In that sense the non-grant of the interim injunction would not, ultimately, prejudice the plaintiff for he may be compensated with payment of money but during this period when the defendant is allowed to continue to infringe the intellectual property it is the consumer or the purchaser who alone suffers and who

ultimately cannot be compensated. Therefore, in order to curb the menace of manufacture, production and sale of spurious goods and the blatant violation of intellectual property it will be proper for the court to take into consideration the interest of the general public. In this regard reference may usefully be made to the following observations of McCarthy at page 346, para 30.21 which deals with the protection of third parties:

SOME courts also consider the necessity of protecting third parties. In trademark infringement cases, "third parties" means the buying public. If the equities are closely balanced, the right of the public not to be deceived or confused may turn the scales in favor of a preliminary injunction.

(30) It would appear to be difficult to accept that relief of temporary injunction should not be granted, because of the delay on the part of the plaintiff, even though the court feels, at that point of time, that ultimately permanent injunction will have to be granted.

(31) Even though there may be some doubt as to whether laches or acquiescence can deny the relief of a permanent injunction, judicial opinion has been consistent in holding that if the defendant acts fraudulently with the knowledge that he is violating the plaintiff's rights then in that case, even if there is an inordinate delay on the part of the plaintiff in taking action against the defendant, the relief of injunction is not denied. The defense of laches or inordinate delay is a defense in equity. In equity both the parties must come to the Court with clean hands. An equitable defense can be put up by a party who has acted fairly and honestly. A person who is guilty of violating the law or infringing or usurping somebody else's right cannot claim the continued misuse of the usurped right. It was observed by Romer, J. in the matter of an application brought by J.R. Parkington and Coy. Ltd 63 R.P.C. 171 that "in my judgment, the circumstances which attend the adoption of a trade mark in the first instance are of considerable importance when one comes to consider whether the use of that mark has or has not been a honest user. If the user in its inception was tainted it would be difficult in most cases to purify it subsequently". It was further noted by the learned Judge in that case that he could not regard the discreditable origin of the user as cleansed by the subsequent history. In other words, the equitable relief will be afforded only to that party who is not guilty of a fraud and whose conduct shows that there had been, on his part, a honest concurrent user of the mark in question. If a party, for no apparent or a valid reason, adopts, with or without modifications, a mark belonging to another, whether registered or not, it will be difficult for that party to avoid an order of injunction because the Court may rightly assume that such adoption of the mark by the party was not an honest one. The Court would be justified in concluding that the defendant, in such an action, wanted to cash in on the plaintiff's name and reputation and that was the sole, primary or the real motive of the defendant adopting such a mark. Even if, in such a case, there may be an inordinate delay on the part of the plaintiff in bringing a suit for injunction, the application of the

plaintiff for an interim injunction cannot be dismissed on the ground that the defendant has been using the mark for a number of years. Dealing with this aspect Harry D. Nims in his "The Law of Unfair Competition and Trade-Marks". Fourth Edition, Volume Two at page 1282 noted as follows:

WHERE infringement is deliberate and willful and the defendant acts fraudulently with knowledge that he is violating plaintiff's rights, essential elements of estoppel are lacking and in such a case the protection of plaintiff's rights by injunctive relief never is properly denied. "The doctrine of estoppel can only be invoked to promote fair dealings.

(32) It would appear to me that where there is an honest concurrent user by the defendant then inordinate delay or laches may defeat the claim of damages or rendition of accounts but the relief of injunction should not be refused. This is so because it is the, interest of the general public, which is the third party in such cases, which has to be kept in mind. In the case of inordinate delay or laches, as distinguished from the case of an acquiescence, the main prejudice which may be caused to the defendant is that by reason of the plaintiff not acting at an earlier point of time the defendant "has been able to establish his business by using the infringing mark. Inordinate delay or laches may be there because the plaintiff may not be aware of the infringement by the defendant or the plaintiff may consider such infringement by the defendant as not being serious enough to hurt the plaintiff's business. Nevertheless, if the Court comes to the conclusion that prejudice is likely to be caused to the general public who may be misled into buying the goods manufactured by the defendant thinking them to be the goods of the plaintiff then an injunction must be issued. The Court may, in appropriate cases, allow some time to the defendants to sell off their existing stock but an injunction should not be denied.

(33) Where the plaintiff, however, is guilty of acquiescence, there different considerations may apply. As already noted, acquiescence may mean an encouragement by the plaintiff to the defendant to use the infringing mark. It is as if the plaintiff wants the defendant to be under the belief that the plaintiff does not regard- the action of the defendant as being vocative of the plaintiff's rights. Furthermore, there should be a tacit or an express assent by the plaintiff to the defendant's using the mark and in a way encouraging the defendants to continue with the business. In such a case the infringer acts upon an honest mistaken belief that he is not infringing the trade mark of the plaintiff and if, after a period of time when the infringer has established the business reputation, the plaintiff turns around and brings an action for injunction^ the defendant would be entitled to raise the defense of acquiescence. Acquiescence may be a good defense even to the grant of a permanent injunction because the defendant may legitimately contend that the encouragement of the plaintiff to the defendant's use of the mark in effect amounted to the abandonment by the plaintiff of his right in favor of the defendant and, over a period of time, the general public has accepted the goods of the defendant resulting in increase of

its sale. It may, however, be stated that it will be for the defendant in such cases to prove acquiescence by the plaintiff. Acquiescence cannot be inferred merely by reason of the fact that the plaintiff has not taken any action against the infringement of its rights.

(34) Applying the aforesaid principles to the present case, I find that there is no reason as to why the ad interim injunction should not be made absolute. As already noted, it has been strenuously contended by the learned counsel for the defendants that the plaintiffs are guilty of inordinate delay, laches and acquiescence but before considering this, an important factor which has to be seen is whether the user or adoption by the defendant was honest or fraudulent.

(35) The facts on the record speak for themselves. It is not in dispute that the plaintiffs are the owners of the registered trade mark Nataraj including the device. The defendants chose not to approach the Trade Mark Authorities but filed an application under the Copyright Act for registration of the copyright. This application was filed and copyright registered long after the mark of the plaintiff had been registered under the Trade Marks Act. The defendants have used the same spelling for the word "Nataraj" as have been used by the plaintiff. Ordinarily Nataraj is spelt as "Natraj" but the plaintiff in its registered trade mark had spelt it as Nataraj. The defendants have also spelt their mark with an additional a after the letter "t". Not only this, the device of the dancing Nataraj which was registered by the plaintiff is the one which has been copied by the defendants. There are innumerable poses of the dancing Nataraj which are known in this country. The device of the plaintiff which has been registered appears to have been adopted from the photograph of a bronze piece of Nataraj. The mark used by the defendants is identical to this dancing figure.

(36) Moreover, on the cartons of the defendants neither the name nor the address of the manufacturer is indicated. If the defendant wanted to establish their independent user of the word "Nataraj" along with the device, one would have expected the defendants to write their name and address on the cartons. By not writing the name and address to the manufacturer on the cartons of the defendants, it appears to me that an effort was being made to mislead the general public. The endeavor clearly was that persons should buy pins and dials manufactured by the defendants assuming that the same were manufactured by the plaintiffs. "The plaintiffs are not only the registered owners of the name and device Nataraj but their sales are over 8 crores a year. The trade mark is famous all over India. If the defendants had written their name and address on the cartons, it is possible that some persons may not have bought the same but in the absence of the name of the manufacturer being there on the cartons, the general public were being led to believe that it is the true owner of the trade mark Nataraj who had manufactured the said pins. In my opinion the use or adoption of the mark Nataraj by the defendants was clearly fraudulent.

(37) It is submitted by the learned counsel for the defendants that the plaintiffs have not objected to the use of the mark by the defendants. It was submitted

that the only action which was taken by the plaintiffs was to apply to the Registrar of Copyright for cancellation of the registration. The plaintiffs did not, it was argued, take any action in Court for injecting the defendants from using the mark and nor did the plaintiffs, it is submitted, send any notice to who defendants asking them to refrain from using the mark. It was contended that by the plaintiffs limiting their action to filing an application for cancellation of the copyright led the defendants to believe that the plaintiffs were not objecting to the defendants' use of the mark and this amounts to acquiescence on the part of the plaintiffs.

(38) There is no force in the aforesaid contention of the learned counsel for the defendants. As has already been noted, acquiescence means something more than mere silence on the part of the plaintiffs. Acquiescence means encouragement, on the part of the plaintiff to the defendant. There should be a mistaken belief by the defendant that there is no objection to the plaintiff using its mark. In the present case the plaintiffs have taken action by applying to the Registrar of Copyright for cancellation of the registration which had been granted to the defendant. In the application for cancellation it has been specifically stated by the plaintiffs that the use of the infringing label has adversely affected the business of the plaintiffs. It is true that no specific notice was sent to the defendant asking the defendant not to use the mark and it is further correct that no suit for injunction was immediately filed. Such non-action may disentitle the plaintiff for the award of damages or rendition of accounts, but such inaction does not show any consent or acquiescence on the part of the plaintiff to the defendant's using the said mark. No overt act has been done by the plaintiffs which could, in any manner, amount to encouraging the defendant to continue to use the infringing mark.

(39) It had been submitted that there was an inordinate delay on the part of the plaintiffs in filing the present suit. I have already held that inordinate delay would not defeat an action for the grant of a temporary injunction especially where the use by the defendant of the mark was fraudulent. In any case, in my opinion, the delay in the present case cannot be regarded as inordinate. Assuming for the sake of argument that, as contended by the defendants, the plaintiffs came to know about the use by the defendants of the infringing mark in March, 1982, it is not as if the plaintiffs slept over their rights for a number of years. It is to be seen that the plaintiffs' principal place of business is "in Bombay while the defendant is a small businessman carrying on his business in Sadar Bazar, Delhi. The plaintiffs, in 1985, did file an application for cancellation of the registration of copyright of the defendant. This amounted to first step being taken by it. The plaintiffs waited and within 3 years thereafter filed the present suit. The defendant must have known that it was adopting a mark which belongs to some one else. Any infringer who uses or adopts some one else's mark must be aware of the consequences which may follow. The defendants ran the risk in using a mark which belonged to some one else. It continued its business uninterrupted for a number of years before any action was taken by the plaintiffs

against it. Any growth after notice is at the risk and peril of the defendant. The defendant certainly had notice of application of the plaintiff having been filed against it in the year 1985 for cancellation of registration of the copyright. The defendant should have been warned, at that stage, that the plaintiffs not likely to accept the use of its mark by the defendant. If the defendant continued to do business by using the impugned mark, it did so at its own peril. The continued use cannot be set up as a defense under these circumstances.

(40) As has already been noted, it is not in dispute that the mark which is used by the defendants is similar, if not identical, to that of the registered mark of the plaintiffs. There is, therefore, a clear breach of the plaintiffs' rights u/s 28 of the Trade Marks Act. The plaintiffs are not guilty of inordinate delay or acquiescence and are entitled to the interim relief of an injunction.

(41) For the aforesaid reasons, I restrain the defendants by an interim injunction from using the offending mark "NATARAJ" and the device of Nataraj or any similar mark or device which is an infringement on the plaintiff's registered trademark No. 20466 and, 283730 in respect of stationery pins and other stationery items till the final decision of the present suit.

(42) I A. stands disposed of. Parties will bear their own costs.