

(2019) 02 CAL CK 0068
In the Calcutta High Court

Case No : General Application (Ga) No. 3437 Of 2018, Civil Suits (Cs) No. 261 Of 2018

ITC Limited

APPELLANT

Vs

Whole Leaf Tobacco Venture Pvt. Ltd And Others.

RESPONDENT

Date of Decision : 22-02-2019

Acts Referred:

Trade Marks Act, 1999 — Section 2(m), 2(1)(zg)
Cigarettes And Other Tobacco Products (Prohibition Of Advertisement and Regulation Of Trade And Commerce, Production, Supply And Distribution) Act, 2003 — Section 7(1), 8(2), 10, 20, 31
Copyright Act, 1957 — Section 2(c), 51

Citation : (2019) 02 CAL CK 0068

Hon'ble Judges : Soumen Sen, J

Bench : Single Bench

Advocate : Pratap Chatterjee, Ranjan Bachawat, Phiroje Edulji, Rudraman Bhattacharjee, Sayan Roy Chowdhury, Sourojit Dasgupta, S. Dutta, Ratnanko Banerjee, Jishnu Chowdhury, Pratik Ghose, Mayukh Mukherjee, Sristi Roy, Kuldeep Mallick, Arijit Basu

Judgement

Soumen Sen, J

In this action for passing off, the fight is between the mark "FLAKE" and "FLANE". "FLAKE", as commonly understood and defined to mean a small, flat, very thin piece of something, is claiming a superior right over "FLANE", an archaic English word which means an 'arrow'. The arrow intends to pierce the surface of a small, flat, thin piece of a tobacco leaf which has become invincible, strong, robust and rock-solid because of its long and continuous existence since 1905 in various forms and has left an indelible mark in the tobacco industry all over the country because of its goodwill and reputation acquired over a considerable period of time.

"FLANE" owes its existence on 17th November, 2017, when the respondent no. 1 was incorporated. The respondent no. 1 in its affidavit justifying adoption of its

mark as referred to the Shorter Oxford Dictionary meaning of "FLANE" which means an 'arrow'. The respondent submits that the word "FLANE" has a meaning. The respondent claims it is entitled to use the said English word in relation to its product and justified use of the said mark on such basis. The defendant applied to the Registrar of Trade Mark for registration of the said mark "FLANE" on 25th April, 2018. The said application is opposed by the plaintiff by filing its opposition. In the said proceeding, the respondent has contended that mark "FLANE" is distinctive, unique and was conceptualized and invented by the defendant using its own intellect.

Sworn of details, the petitioner is one of the largest cigarette manufacturers of the country. The petitioner's cigarettes bearing the trade marks 'GOLD FLAKE' and 'FLAKE' are sold all over India. The products sold under the said trademarks have an overwhelming presence in every nook and corner of the country. As a result, it is claimed that the said trademarks and the words "GOLD", "GOLD FLAKE" and "FLAKE", amongst others, are associated solely with the petitioner and none else. By extensive and continuous use of the trade marks "GOLD FLAKE" and "FLAKE" by the petitioner over the years, the said trademarks have acquired a secondary meaning and have become well-known trademarks. Cigarettes sold under the trade mark "GOLD FLAKE" are amongst the highest selling cigarettes in the country. Cigarettes under the trade mark "GOLD FLAKE" are being sold by the petitioner all over India for over a century. The petitioner has obtained numerous registrations of numerous trade marks in which "FLAKE" is a predominant, significant and essential feature. As such, the petitioner claims to have proprietary rights over such essential feature as the same is associated solely with the petitioner and no one else.

The petitioner has stated that the petitioner adopted and started using the trademark "FLAKE" sometime in 1970s and thereafter conceived and adopted numerous variants over the years comprising the distinctive trademark "FLAKE" as the leading and identifying feature. "FLAKE" has been used in conjunction with other words and/or trademarks to create variants which include, inter alia, "WILLS FLAKE", "FLAKE EXCEL", "FLAKE SPECIAL FILTER", "FLAKE REFINED TASTE", "FLAKE LIBERTY", "FLAKE GOLD CREST", "FLAKE PREMIUM FILTER", "FLAKE BLUE", "FLAKE PREMIUM BLUE" etc. The petitioner states that "FLAKE" is one of the most well known and reputed brands of cigarettes manufactured and sold by the petitioner. The petitioner is a registered proprietor of "WILLS FLAKE" being trademark No. 560095. The petitioner contends that by virtue of long, continuous and extensive use, the trademark "FLAKE" has become distinctive of the petitioner's cigarettes and has come to be associated with the petitioner and none else. The petitioner has disclosed a chartered accountant's certificate certifying the total sales turn-over of the petitioner's cigarette under the mark "FLAKE" for the last 26 years, to demonstrate that the mark "FLAKE" has acquired secondary meaning in connection with the business of the petitioner and is entitled to protection as a well-known trademark in accordance with Section 2(1)(zg) of the Trade Marks Act, 1999. The petitioner has stated that it

has adopted various trade dresses/labels/packages in respect of cigarettes sold under the trademark "FLAKE". The petitioner has adopted a new packaging/trade dress for its "FLAKE" Special Filter variant in the year 2012 and subsequently in the year 2014 the petitioner developed another variant of "FLAKE" namely, "FLAKE" Premium. The dominant theme of such "FLAKE" trade dress is the white back ground of the pack, with the word "FLAKE" written in black within a golden coloured parallelogram with a boomerang shaped device of deep red colour and having thin black border bordering parallelogram on one side. The petitioner claims that the colour combination, get up including the distinctive boomerang device appearing on the petitioner's "FLAKE" pack are original artistic works within the meaning of the Copyright Act, 1957. The petitioner caused such artistic work to be created for the purpose of marketing and selling cigarettes under the mark "FLAKE". The petitioner has disclosed a letter from one Nidhi Harlalka to show that Nidhi is the author of the artistic work and the said original artistic work was developed on behalf of ITC Limited and author had no objection if registration is granted in favour of ITC Limited. On the basis of such communication the petitioner is using the artistic work titled "FLAKE Premium" in the manner as disclosed at page 297 of the petition. The petitioner contends that the petitioner is the exclusive owner of the copyright in the artistic work comprising the "FLAKE" labels/trade dresses including the petitioner's pack, all of which are original artistic works within the meaning of Copyright Act, 1957. The trademark registration shows that the products of the petitioner have been registered in Class- 34. The petitioner alleged that on or about October, 2018 the trademark attorneys of the petitioner were informed that the respondent No. 1 has applied for registration of the words "FLANE" and "GOLD FLANE" claiming use since 17th November, 2017. The said application is opposed by the petitioner. Notwithstanding such opposition, the respondent No. 1 had commenced use of such cigarette packages bearing the words "FLANE" and/or "GOLD FLANE". The petitioner has contended that recently they have received complaints from the trade channels that cigarettes were being sold under the name "FLANE" and "GOLD FLANE" bearing the packaging/label which are identical and/or deceptively similar to the get up/trade dress/label/package of the petitioner. The petitioner has further contended that the petitioner has different variants of "FLAKE" and "GOLD FLAKE" which may differ from variant to variant. It is alleged that the respondents have deliberately chosen to sell products which are likely to be of an inferior quality, at a lower price in order to take advantage of unwary customers.

The respondent No. 1 appears to have applied for registration of the word mark "FLANE", "GOLD FLANE" and "NEXY CUT". The said word marks were published in the trademark journal on 4th June 2018, 12th June, 2018 and 28th May, 2018 respectively. The petitioner has filed its opposition to the grant of registration of the said marks. The said respondent No. 1 has in fact also applied for registration in Class-34 and the same is pending. The petitioner has produced the packets and the packaging materials of its products as well as the infringing packets and/or materials of the respondents before this Court.

On a prima facie view that the infringing trade dress of the product of the respondent No.1 is deceptively similar to that of the petitioner and that the essential elements of the marks 'GOLD FLAKE' and 'FLAKE' have been copied, an interim order was passed in terms of Prayer (a) to (f) of the Notice of Motion. On the returnable date, the respondent appeared and raised objections with regard to the continuation of the interim order.

The respondent states that the Government of India, on May 18, 2003, introduced the Cigarettes and Other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Act, 2003 which lays down strict guidelines with regard to packaging of cigarette and other tobacco products. The Act specifically provides that every package of cigarette and other tobacco products must display a pictorial depiction of skull and cross bones and other warning as may be prescribed and must also contain a specified warning which shall be legible and prominent, conspicuous as to size and colour, in such style or type of lettering as to boldly and clearly present in distinct contrast to any other type, lettering or graphic material used on the package or its label and shall be printed, painted or inscribed on the package in a colour which contrasts conspicuously with the background of the package or its labels. In exercise of the powers conferred by sub-section (1) of section 7, sub-section (2) of Section 8, Section 10 and Section 31 of the Cigarettes and Other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Act, 2003, the Government of India made the Cigarettes and Other Tobacco Products (Packaging and Labelling) Rules, 2014 to amend the Cigarettes and other Tobacco Products (Packaging and Labelling) Rules, 2008. The said rules provide that size of the components of the specified health warning shall be such so as to ensure the specified health warning covers 85% of the principal display area of the packaging of which sixty percent shall cover pictorial health warning and twenty five percent shall cover textual health warning.

Thereafter, the Government of India on August 20, 2018 released new images for the pictorial warning on packs of cigarette and other tobacco products. The new pictures, which became effective from 1st September, 2018, were also accompanied with a quitline number. The first set of images would be effective from 1st September, 2018 for a period of 12 months whereas the second set of images will be used from 1st September, 2019. Violation of the said provisions is a punishable offence with imprisonment and/or fine as prescribed in section 20 of the Cigarettes and Other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Act, 2003. The respondents state that in view of the above mentioned Government Act, Rules and Notification, 85% of all packaging of cigarette and other tobacco products in the markets are statutorily prescribed to look the same. In other words, the respondent's packaging of its cigarette products are, by Government mandate, required to resemble the packaging of the petitioner's cigarette products up to the extent of 85% of the packaging. The respondent states that

therefore there is hardly any scope of challenging the similarity in packing and designing.

The respondent states that the word "FLANE" has a definite meaning for which it was adopted by the respondent no. 1 for its cigarette products. The New Shorter English Dictionary defines "FLANE" as "an arrow". Accordingly, the "FLANE" packaging bears a red arrowhead symbol at the bottom left corner of the word "FLANE".

Furthermore, the respondents state that the petitioner does not have any trademark registration for the word "FLAKE". The word "FLAKE" means "peeling or shaving" which is an ordinary English word much used in the trade and hence cannot be registered. In fact, the petitioner has attempted to register the word "FLAKE" but has failed to do so. Godfrey Phillip has filed an opposition made by the petitioner to register "FLAKE" stating the term "FLAKE" is a general common word having a common meaning and hence cannot be registered to a single user. There are several other cigarette manufacturing companies using the word "FLAKE" such as "REGENT FLAKE", "RED & WHITE FLAKE", "SUN FLAKE", etc. Hence it cannot be said that the petitioner has an exclusive proprietary right over the word "FLAKE". In view of the fact that the word "FLANE" means "an arrow" and such meaning has been incorporated in the packaging of the cigarettes manufactured by the respondent no. 1, it cannot be said that the respondents are attempting to pass off its products as that of the petitioner's.

The respondents state that there is a huge price difference between the products of the petitioner and respondent. The petitioner's "WILL'S FLAKE PREMIUM" product costs Rs. 80/- whereas the respondent's "FLANE" costs Rs. 40/-. Hence, there is no likelihood of a consumer getting deceived into believing that the respondent's "FLANE" product is that of the petitioner's. In other words, the product "WILLS FLAKE PREMIUM" caters to a different category of consumers whereas the respondents' "FLANE" product caters to a different category of consumers. The respondent states that the price of the petitioner's "GOLD FLAKE" product is Rs. 95/- and that of the respondents' "GOLD FLANE" product is Rs. 50/-. The price of the respondents' "GOLD FLANE" product is half of that of the petitioner's and hence there is no likelihood of any deception or confusion arising between the products. The category of customers for the said two cigarette products is very different.

The respondent contends that the trade dress of "GOLD FLANE" is different from the petitioner's "GOLD FLAKE". The respondent's cigarette product bears the word "GOLD FLANE" in much bigger golden letters written over a maroon background. The words "GOLD FLAKE" in the petitioner's product is written in small black letters over a golden panel on a red background. Since the trade dress of the respondents' product is very different from that of the petitioner's product, it cannot be said that the respondent is infringing the trade mark of the petitioner. The respondents state that the gold and red colours used by the respondents for the packaging of its "GOLD FLANE" product is common to the

cigarette and tobacco trade and are used by several manufacturers for their respective products. The petitioners cannot claim to be exclusive users of the said colours and cannot prevent the respondents from using the gold and red colour combination for its cigarette packaging. The respondents state that the word "GOLD" is a common word in the cigarette and tobacco products industry and is used by several manufacturers for naming their cigarette products. The respondents also state that the word "GOLD FLAKE" is common to the trade and this is evident from the number of cigarette manufacturers who use the mark "GOLD FLAKE". Numerous products by a number of manufacturers bearing the mark "GOLD FLAKE" are in circulation in the market and hence the petitioner cannot claim to be the exclusive user of the words "GOLD FLAKE". The respondents further state that the petitioner had filed proceedings before the Hon'ble Madras High Court against Golden Tobacco Limited to prevent it from using the words "GOLD FLAKE" for sale of its cigarettes. The Hon'ble Madras High Court by its order dated 26th July, 2018 had granted an order of injunction in favour of the petitioner. A Special Leave Petition was preferred from the said order and the Hon'ble Supreme Court was pleased to pass an order dated 7th September, 2018 allowing Golden Tobacco Limited to manufacture and sell the product "GOLD FLAKE" with a packaging as provided in the Compromise Decrees.

Furthermore, the purchasers of cigarettes are normally accustomed to smoking and hence would be in a position to identify the brands easily and hence between "GOLD FLAKE" from "GOLD FLANE" and between "FLAKE" and "FLANE". Mr. Banerjee has relied upon two decisions of our Court, namely, Rothmans of Pall Mall Limited v. New Tobacco Company Limited & Anr. reported at 1987 (2) CHN 252 (Paragraph 42) and GTC Industries Ltd. v. ITC Limited & Anr. reported at (1950-2000) 1 Supp PTC 305 (Paragraph 52) and submits that it has been recognized in the said decisions that for matters of addiction, like cigarettes, customers know their products and its common knowledge that a smoker has liking for a brand and he will not accept the other brand if offered to him. What the learned Senior Counsel meant was that it is a conscious choice of the smoker to select a particular brand and, accordingly, there is no chance for any confusion of any customers addicted to cigarettes.

Mr. Ratnanko Banerjee, learned Senior Counsel appearing on behalf of the respondent has thus submitted that on the basis of the aforesaid disclosures made in the affidavit filed by the respondent to justify its claim to use the 'FLANE' and 'GOLD FLANE', the interim order needs to be vacated.

Mr. Pratap Chatterjee, the learned Senior Counsel appearing with Mr. Ranjan Bachawat, learned Senior Counsel has submitted that the respondent No.1 is a new entrant in cigarette business which is borne out by the fact that they were incorporated only in the year 2017. The very fact that the petitioner chose to adopt names such as "FLANE", "GOLD FLANE" and "NEXY CUT", along with get up and trade dresses/labels which are deceptively similar to the petitioner's trade dresses/labels, clearly evinces the malafide intention of the respondents to take

unfair advantage of the petitioner's reputed brands and pass off their goods as those of the petitioner.

On account of the Government notification dated August 20, 2018 which mandates that 85% of the front side of cigarette packaging is covered by statutory warning, the chances of infringement and passing has become even more imminent. Only 15% of the space available for displaying the trade dress/trade mark and/or brand name. With such limited space available on the packet for brand communication, the use of the brand name assumes special significance. Therefore, confusion and deception becomes imminent when the brand names/trademarks adopted are phonetically, visually and structurally similar and/or nearly identical. The likelihood of increased confusion on account of the new statutory warning regime was also recognized by the Hon'ble Madras High Court in ITC Limited supra) in order dated 26th July, 2018 wherein it was stated that:

"82. With regard to the contention of the defendant that in view of the notification issued by the Government of India that the cigarette manufacturers are required to print the prescribed pictorial warning covering 85% of the both the sides of the pack, the cause of action in the present suit no longer survives, we cannot agree with the said contention for the following reasons:

(a) The notification is under challenge and sub-judice now pending before the Hon'ble Supreme Court.

(b) Assuming the notification is held to be valid by the Supreme Court, the usage of the word GOLDEN'S GOLD FLAKE and other distinguishing features of the plaintiff's trademark by the defendant, the infringement will become more prominent since there will be only 15% usage of space for advertisement of the label. Hence, the argument that the suit has become infructuous in view of the notification is not acceptable to us."

Further, the similarity in trade dress/trade mark appearing on the top and side panels of the two cigarette packs greatly increases the likelihood of confusion and deception. In the instant case, the scope of confusion is very high since the elements visible on the side, top and front panels of the respondents' cigarette packs are structurally, phonetically and visually nearly identical and/or deceptively similar to the trade marks/trade dresses/labels of the petitioner.

Mr. Chatterjee submits that it is immaterial that 'FLANE' has a dictionary meaning. The respondents have deliberately and dishonestly adopted the mark "FLANE" by removing the alphabet "K" from the petitioner's mark "FLAKE" and replacing the same with the alphabet "N". The petitioner has been manufacturing and selling cigarettes under the trade mark "FLAKE" since 1970s and it is one of the most popular brands of the petitioner, available across the length and breadth of the court. The sales turnover of cigarettes sold under the trade mark "FLAKE" during the financial year 2017-2018 alone was over Rs.2700 Crores. Players in the cigarette business and/or the members of the trade including the

respondents are well acquainted with the petitioner's mark "FLAKE". The trade mark "FLAKE" has acquired such iconic reputation amongst the trade and the public that whenever they see the mark "FLAKE" used for cigarettes they connect the same with the petitioner and none else. It is not open to anybody to adopt a name which is nearly identical and/or deceptively similar to the petitioner's iconic and popular trade mark "FLAKE". There is no justification for the respondent's adoption of the name "FLANE", which is structurally, phonetically and visually similar to the petitioner's trade mark "FLAKE".

The respondents' dishonest intention to mislead the trade and the public and pass off its goods as those of the petitioner is also manifest from the fact that along with "FLANE" AND "GOLD FLANE" they have chosen a packaging/get up/trade dress which is nearly identical and/or deceptively similar to the packaging/get up/trade dress of the petitioner of "FLAKE" and "GOLD FLAKE". It is evident that the respondent could not have designed their packing without having the packaging of the petitioner before them. It is a clear case of violation of the intellectual property rights of the petitioner.

Mr. Chatterjee submits that the petitioner has registration over the trade mark "WILLS FLAKE" per se. The petitioner also has various registrations in respect of trade dresses/labels where the mark "FLAKE" is the predominant and essential feature. It is submitted that the word "FLAKE" satisfies the criteria of a trade mark and is registerable. The application for the word mark "FLAKE" is pending registration.

Mr. Chatterjee submits that the attempt made by Godfrey Philips India & Limited to use "SUN FLAKE" mark for its cigarettes was registered by the plaintiff by filing a suit at Bombay. Godfrey Philips India Limited, filed the notice of opposition against the petitioner's trade mark application as a counterblast in response to the suit filed against them by the petitioner for violating its intellectual property rights in, inter alia, the petitioner's trade mark "FLAKE" by use of a deceptively similar "SUN FLAKE" mark. The Bombay High Court granted an interim injunction in favour of the petitioner restraining Godfrey Philips India from using the impugned "SUN FLAKE" mark.

The petitioner has been vigilant and has taken necessary steps against people using the mark "FLAKE". Mr. Chatterjee has referred to annexure 'F' of the affidavit in reply to show that the petitioner has initiated opposition proceedings against "REGENT FLAKE", which are pending. The petitioner has also initiated rectification proceedings against the mark "SUN FLAKE" and the same is pending.

It does not lie in the mouth of the respondents to say that the petitioner cannot have any exclusivity over the mark "FLAKE" when the respondent no. 1 themselves have filed for registration "FLANE" which is phonetically, structurally and visually similar to the petitioner's trade mark "FLAKE". Consumers on coming across cigarettes bearing the deceptively similar name "FLANE" would automatically draw a connection with the petitioner's products.

In this regard, Mr. Chatterjee has relied upon the following decisions:-

- 1) Premier Tissue India Ltd. v. Rolia Tissues Industries and Anr. reported at (2012) 50 PTC 206 (Del) (paragraph 43)
- 2) Reed Elsevier Properties Inc. and Anr. v. Best Media Associates (India) Pvt. Ltd. reported at (2011) 47 PTC 51 (Bom) (paragraph 37)
- 3) Hiralal Parbhudas v. Ganesh Trading Company and Ors. reported at AIR 1984 Bom 218 (paragraphs 5 and 11)
- 4) Dabur India Ltd. v. Shree Baidyanath Ayurved Bhawan Pvt. Ltd. reported at (2012) 51 PTC 441 (Del) (paragraph 46)

Mr. Chatterjee submits that it has been judicially recognized that if the adoption of the mark is dishonest and there is visual, phonetical and structural similarity between the two marks and the choice of the word of the defendant is inspired by the plaintiff's choice of the word, it is no defence that the choice of the word by the defendant might have found place in the English Dictionary. Mr. Chatterjee submits that cigarettes are sold in packets and also loosely. Even on the loose cigarettes, the marks are printed and embossed in such a manner that an unwary purchaser with an imperfect recollection could be deceived to accept the product of the defendant as that of the plaintiff. Mr. Chatterjee has relied upon Paragraph 30 of Satyam Infoway Ltd. v. Sifynet Solutions (P) Ltd. reported at (2004) 6 SCC 145, in support of the aforesaid proposition. Mr. Chatterjee submits that the respondent has nowhere contended before the Registry of Trade Mark in the pleadings or otherwise that the respondent was unaware of the existence of the mark 'FLAKE' and that they were taken by surprise.

With the same field of operation and not a claim that the respondent was unaware or ignorant of the use of the trade mark 'FLAKE' or 'GOLD FLAKE', the reason put forward by the respondent for the choice of the word 'FLANE' or 'GOLD FLANE' cannot be accepted. Moreover, the respondent has taken different stand in the pending proceedings with regard to the choice of the word 'FLANE' or 'GOLD FLANE' to identify its goods. Mr. Chatterjee submits that the Division Bench of the Madras High Court has recognized that the word 'GOLD FLAKE' is a well-known mark and is distinctive to the plaintiff's goods and it is neither open to the trade nor has become common to the trade which can be misused by the other tobacco manufacturers. Mr. Chatterjee has referred to Paragraph 60 of the judgment of the Madras High Court which describes the trade dress of 'GOLD FLAKE' mark. The said Paragraph reads:-

"60. GOLD FLAKE is a well known mark associated with cigarettes. The appellant plaintiff has given details of the trademark registrations of the trade mark GOLD FLAKE secured by the appellant plaintiff in India. The earliest registration dates back to 11.11.1942. In all the registered Trademarks, the dominant theme underlying the GOLD FLAKE trade dress of the appellant plaintiff are:

- a) Presence of roundel device.

- b) Use of red colour for the roundel device.
- c) The Trademark GOLD FLAKE encased inside the roundel device.
- d) GOLD FLAKE written in black lettering.
- e) Use of golden black red colour combination."

It is submitted that the petitioner has been using the trade mark 'GOLD FLAKE' since 1905 and its predecessor-in-interest was in the mark even prior to 1905. The observations of the Division Bench of the Madras High Court in this regard have been relied upon by Mr. Chatterjee. Mr. Chatterjee has also relied upon Paragraph 82 of the judgment to show that the defence of statutory compulsion in packaging was considered by the Hon'ble Division Bench in the said paragraph and it was observed that the usage of the word 'GOLDENS GOLD FLAKE' and other distinguishing features of the plaintiff's trade mark by the defendant, that the infringement would be more prominent since there would be only 15 per cent usage for advertisement of the label. Mr. Chatterjee submits that by reason of such statutory restriction the use of the brand name assumes special significance.

What emerges from these authorities is (a) what is the main idea or salient features, (b) marks are remembered by general impressions or by some significant detail rather than by a photographic recollection of the whole, (c) overall similarity is the touchstone, (d) marks must be looked at from the view and first impression of a person of average intelligence and imperfect recollection, (e) overall structure phonetic similarity and both visual and phonetic tests must be applied, (f) the purchaser must not be put in a state of wonderment, (g) marks must be compared as a whole, microscopic examination being impermissible, (h) the broad and salient features must be considered for which the marks must not be placed side by side to find out differences in design and (I) overall similarity is sufficient. In addition indisputably must also be taken in-to consideration the nature of the commodity, the class of purchasers, the mode of purchase and other surrounding circumstances. (see M/s. Hiralal Parbhudas Vs. Ganesh Trading Co. reported at AIR 1984 Bombay 218).

Coming to the respondents' label, it cannot be disputed that all the essential features including various placements in the respondents' label are similar if not same as those in the appellants' labels except for the arrow and the word "FLANE". The arrow of 'Flane' is similar to the boomerary of 'Flake'. In my view these two features are not significant enough to distinguish the product of the respondent from the petitioner.

In fact in Kerly's Law of Trade Marks and Trade Names 10th Edition at page 473 quoted in paragraph 11 of Hiralal Parbhudas (Supra) supports the argument of Mr. Chatterjee that if the marks are phonetically similar a case of passing off is established.

The said passage reads:

"Marks deceptive in particular markets:

Marks which are readily distinguishable by Englishmen, or persons who can read English, may so resemble each other as to be calculated to deceive foreigners whose language is not only different from English, but written in different characters and in a different manner..."

In the case of B.K. Engineering vs. UBHI Enterprises reported at AIR 1985 Del 210 (DB), it was observed:

"Competition must remain free. It is true it is the life blood of free enterprise system. It is essential that trading must not only be honest but must not even unintentionally be unfair."

In the case of Dabur India Limited (supra) it was observed:

"The colour combination, get-up and layout are not only covered in the subject matter of copyright but also covered under the common law remedy i.e. law of passing off. Even in the New Trade Mark Act 1999 the definition of the mark is given in Section 2(m) which says that "Mark" include a device, brand, style, label, ticket, name, signature, word, letter, numeral, shape of goods, packaging or combination of colours or any combination thereof. As per the definition and as per the judgments mentioned above it is clear that the colour scheme, get up, layout and combination of colours is covered under the action for passing off also."

In the instant case it appears that the work in question is an original artistic work within Section 2(c) of the Copyright Act and same is protected under Section 51 of the Copyright Act, 1957 in the case the same has been copied by the defendant. In the present, there is no valid explanation given as why the defendant's new packaging has similar essential feature, get up, layout, colour combination and placement of features as that of the plaintiff packaging which is being used by the plaintiff since the year 2006. In view of the above said well known settled law on the subject, it is clear that the defendant is guilty of infringement of copyright and passing off their goods as the goods of the plaintiff.

In the instant case there is a great deal of similarity in the phonetics of these two words be they uttered by literate or illiterate consumer. This phonetic similarity taken in conjunction with the otherwise similarity in the get up of the offending label/packet with the label/packet of the petitioner would in my view undoubtedly confuse an ordinary illiterate purchaser of average intelligence and imperfect recollection and even a literate person with average intelligence.

The adoption of the mark "FLANE" in relation to tobacco products by the defendant is recent. The respondent claims to be in operation since 17th November, 2017. The explanations offered for adoption of the mark "FLANE" in the affidavit-in-opposition is different from the explanation offered before the Trade Mark Register. In the affidavit-in- opposition, the respondent justified adoption of the mark "FLANE" as its trade mark on the ground that it is an English word with a definite meaning namely arrow, whereas in counter

statement before the Trade Marks Register in paragraph 7 it is inter alia stated -

"the applicant has adopted the impugned Trade Mark in an honest and bonafide manner. Actually the applicant has invented the unique and distinctive Trade Mark "FLANE" by its own intellect without having any reference of any earlier Trade Mark and the same is very much capable of distinguishing the said products from those of others in the course of trade and the application for registration of the impugned Trade Mark may be proceeded to registration under the Act. It is also submitted that the applicant is the First who has adopted and started to use the Trade Mark "FLANE" in respect of the said products. It is also submitted that there is no similarity between the Opponents' referred Trade Mark "FLAKE" and the impugned Trade Mark "FLANE". It is relevant to mention that the expression "FLANE" used by the applicant as the impugned Trade Mark is a very unique expression innovated by the applicant herein whereas the other expression of the referred Trade Mark of the Opponent "FLAKE" is nothing but a mere English dictionary word which does not have any inherent distinctiveness at all."

It is clear from the material on record that the adoption of the mark "FLANE" is dishonest. It prima facie appears that the red arrow head device appearing on the packaging/label of the respondent's "FLANE" cigarettes has been copied from the petitioner's packaging/label of "FLAKE", which clearly shows the dishonest intention of the respondents to ride on the brand reputation of "FLAKE". I accept the submission of Mr. Chatterjee that if the respondents indeed wanted to draw an association with the arrowhead, they could have used either the word "arrow" or any other synonym of "arrow" instead of adopting "FLANE" which is deceptively similar to "FLAKE".

In the context of the explanation offered for adoption of "FLANE" in this proceeding, I am constrained to accept the argument made by Mr. Chatterjee that the defendant could not have designed their packaging without placing the packaging of the plaintiff. In fact, if the explanation in the counter statement filed before the Trade Mark Registry is accepted then they were not even aware of the existence of the word "FLANE" in the English dictionary. Prima facie, it is clear that it is a case of violation of vested rights of the plaintiff and pirator thereof cannot become rightful owner in any manner. Thus, the plaintiff has made out a strong case of injunction. An unexplained similarity is a relevant and important consideration while testing the question of honesty of adoption of the mark. (see. 2011 (47) PTC 51 (Bom) Reed Elsevier Properties Inc. and Anr vs. Best Media Associates (India) Pvt. Ltd.)

In view of the above, it appears from the record that two set of packaging are almost similar. Both marks, "FLAKE" and "FLANE" are deceptively similar.

Even if the defendants might have adopted the mark innocently, which however is not the case here, an injunction will be granted against such use if there is probability of confusion.

An action for passing off lies whenever the use of mark so familiar and associated with the plaintiff, is calculated to deceive, so as to divert business from the plaintiff or to occasion a confusion between the two products.

In *Laxmikant V. Patel vs. Chetanbhat Shah* reported at AIR 2002 SC 275. Paragraphs 12 and 13 the law on this issue has been summarized. The said Paragraphs read:-

"12. In *Oertil vs. Bowman* (1957) RPC 388 (at page 397), the gist of passing-off action was defined by stating that it was essential for the success of any claim to passing-off based on the use of given mark or get-up has become by user in the country distinctive of the plaintiff's goods, so that the use in relation to any goods of the kind dealt in by the plaintiff on that mark or get-up will be understood by the trade and the public in the country as meaning that the goods are the plaintiff's good. It is in the nature of acquisition of a quasi-proprietary right to the exclusive use of the mark or get-up in relation to goods of that kind because of the plaintiff having used or made it known that using the same or somewhat deceptively similar mark, get-up or name in relation to goods not of plaintiff. The three elements of "passing-off" action are the reputation of goods, possibility of deception and likelihood of damages to the plaintiff. In our opinion, the same principle, which applies to trade mark, is applicable to trade name.

13. In an action for passing off it is usual, rather essential, to seek an injunction temporary or ad-interim. The principles for the grant of such injunction are the same as in the case of any other action against injury complained of. The plaintiff must prove a prima facie case, availability of balance of convenience in his favour and his suffering an irreparable injury in the absence of grant of injunction. According to Kerly (Ibid, para 16.16) passing off cases are often cases of deliberate and intentional misrepresentation, but it is well-settled that fraud is not a necessary element of the right of action, and the absence of an intention to deceive is not a defence though proof of fraudulent intention may materially assist a plaintiff in establishing probability of deception. Christopher Wadlow in *Law of Passing Off* (1995 Edition, at p. 3.06) states that the plaintiff does not have to prove actual damage in order to succeed in an action for passing off. Likelihood of damage is sufficient. The same learned author states that the defendant's state of mind is wholly irrelevant to the existence of the cause of action for passing off (ibid, paras 4.20 and 7.15). As to how the injunctions granted by the Court would shape depends on the facts and circumstances of each case. Where a defendant has imitated or adopted that plaintiff's distinctive trade mark or business name, the order may be an absolute injunction that he would not use or carry on business under that name. (Kerly, ibid, para 16.97)"

In another decision of the Supreme Court in the case of *Ramdev Food Products Ltd. vs. Arvindbhai Rambhai Patel & Ors.*, reported at 2006 (8) SCC 726, the Supreme Court has observed that the test for determining deceptive similarity in an infringement action would be the same as in the case of a passing off action. The Court observed that although the defendants might not be using the actual

trademark of the plaintiff, the get up of the defendant's goods may be so much like the plaintiff's that a clear case of passing off could be proved. It was held:-

"The law does not permit any only to carry on his business in such a way as would persuade the customers or clients in believing that the goods or services belonging to someone else are his or are associated therewith. It does not matter whether the latter person does so fraudulently or otherwise. The reasons are two. Firstly, honesty and fair play are, and ought to be, the basic policies in the world of business. Secondly, when a person adopts or intends to adopt a name in connection with his business or services which already belongs to someone else it results in confusion and has propensity of diverting the customers and clients of someone else to himself and thereby resulting in injury."

The function of a trade mark is to distinguish the goods of one person from others. As was said by UPJOHN, J., "A man infringes the mark of another if he seizes upon some essential feature of the plaintiff's mark. That essential feature may be ascertained by the eye or by the ear in this sense, that goods bearing that mark may be likely to become known by a certain name: (See *de Cordova & Others v. Vick Chemical Co.* (1951), 68 R.p.c.103 at p. 105). Furthermore evidence is admissible to establish what is or has become an essential feature, but evidence is not essential if the Court feels satisfied on inspection in coming to the conclusion that some particular feature is a distinguishing feature of the Mark allegedly infringed". (*Cluett Peabody & Co. Inc. Vs. McIntyre Hogg Marsh & Co. Ltd.*; 1958 RPC at 351)

A trade mark is undoubtedly a visual device; but it well-established law that the ascertainment of an essential feature is not to be by ocular test alone. Since words can form part, or indeed the whole, of a mark, it is impossible to exclude consideration of the sound or significance of those words. Thus it has long been accepted that, if a word forming part of a mark has come in trade to use to identify the goods of the owner of the mark, it is an infringement of the mark itself to use that word as the mark or part of the mark of another trader, for confusion is likely to result. It is sufficient to refer to the words of Lord Cranworth L.C., in *Seixo v. Provezende* (1866 LR 1 Ch. 192) 'If the goods of a manufacturer have, from the mark or device he has used, become known in the market by a particular name, I think that the adoption by a rival trader of any mark which will cause his goods to bear the same name in the market, may be as much a violation of the rights of that rival as the actual copy of his device'. The likelihood of confusion or deception in such cases is not disproved by placing the two marks side by side and demonstrating how small is the chance of error in any customer who places his order for goods with both the marks clearly before him, for orders are not placed, or are often not placed, under such conditions. It is more useful to observe that in most persons the eye is not an accurate recorder of visual detail, and that marks are remembered rather by general impressions or by some significant detail than by any photographic recollection of the whole".

The function of the trade marks is to identify the source of manufacture of goods.

It is an indicia of origin. In the market the chief value of the trade mark is its power to stimulate sales. In law, the fundamental theory upon which the interest in the trade mark is protected is that a trade mark identifies the goods coming from a particular source, and that an infringing designation tends to divert customer from that source by falsely representing that other goods come from it. (See *Ellora Industries v. Banarasi Dass gupta*; AIR 1980 Del 254).

The passing off rights are superior to the rights conferred by registration. In this regard reference may be made to *S. Syed Mohidden vs. P. Solochana Bai* reported at (2016) 2 SCC 683 in which it is stated:

"31.1. Traditionally, passing off in common law is considered to be a right for protection of goodwill in the business against misrepresentation caused in the course of trade and for prevention of resultant damage on account of the said misrepresentation. The three ingredients of passing off are goodwill, misrepresentation and damage. These ingredients are considered to be classical trinity under the law of passing off as per the speech of Lord Oliver laid down in *Reckitt & Colman Products Ltd. vs. Borden Inc.*, (1990) 1 WLR 491: (1990) 1 All ER 873 (HL) Which is more popularly known as 'Jif Lemon' case wherein Lord Oliver reduced the five guidelines laid out by Lord Diplock in *Erven Warnink Besloten Vennootschap v. J.*

Townend & Sons (Hull) Ltd., 1979 AC 731 at p. 742: (1979) 3 WLR 68: (1979) 2 All ER 927 (HL) to three elements (1) goodwill owned by a trader (2) misrepresentation, and (3) damage to goodwill. Thus the passing off action is essentially an action in deceit where the common law rule is that no person is entitled to carry on his or her business on pretext that the said business is of that of another. This Court has given its imprimatur to the above principle in *Laxmikant V. Patel vs. Chetanbhai Shah*, (2002) 3 SCC 65.

31.2. The applicability of the said principle can be seen as to which proprietor has generated the goodwill by way of use of the mark/name in the business. The use of the mark/carrying on business under the name confers the rights in favour of the person and generates goodwill in the market. Accordingly, the latter user of the mark/name or in the business cannot misrepresent his business as that of business of the prior right holder. That is the reason why essentially the prior user is considered to be superior than that of any other rights. Consequently the examination of rights in common law which are bases on goodwill, misrepresentation and damage are independent to that of registered rights. The mere fact that both prior user and subsequent user are registered proprietors are irrelevant for the purposes of examining who generated the goodwill first in the market and whether the latter user is causing misrepresentation in the course of trade and damaging the goodwill and reputation of the prior right holder/former user. That is the additional reasoning that the statutory rights must pave the way for common law rights of passing off.

32. Thirdly, it is also recognised principle in common law jurisdiction that passing

off right is broader remedy than that of infringement. This is due to the reason that the passing off doctrine operates on the general principle that no person is entitled to represent his or her business as business of other person. The said action in deceit is maintainable for diverse reasons other than that of registered rights which are allocated rights under the Act. The authorities of other common law jurisdictions like England more specifically Kerly's Law of Trade Marks and Trade Names, 14th Edition Thomson, Sweet & Maxwell South Asian Edition recognises the principle that where trade mark action fails, passing off action may still succeed on the same evidence. This has been explained by the learned author by observing the following:

"15-033. A claimant may fail to make out a case of infringement of a trade mark for various reasons and may yet show that by imitating the mark claimed as a trade mark, or otherwise, the defendant has done what is calculated to pass off his goods as those of the claimant. A claim in passing off has generally been added as a second string to actions for infringement, and has on occasion succeeded where the claim for infringement has failed."

The petitioner has disclosed proceedings initiated by the petitioner for protecting its valuable intellectual property rights over and in respect of the word "FLAKE". The petitioner has filed proceedings against Godfrey Phillips, Pelican Gold Flame, Sun Flake and few others. In addition to these proceedings in relation to the mark "FLAKE", the petitioner has also moved against various users, including Paris Gold, in relation to the "Gold" mark. However, where the petitioner has not found user against a brand, like Red & White Flake, it has not approached the Court in any proceeding. The petitioner has relied upon the Division Bench judgment of the Hon'ble Madras High Court in O.S. A. No. 260 to 262 of 2015, ITC Limited vs. Golden Tobacco Limited dated 26.07.2018, where the Division Bench in paragraph 16 has recognised that the word mark "GOLD FLAKE" is a well-known mark associated with cigarettes. The earlier registration dates back to 11th November, 1942, the trade dress of the plaintiff in relation to GOLD FLAKE are:

- (a) Presence of roundel device.
- (b) Use of red colour for the roundel device.
- (c) The Trademark GOLD FLAKE encased inside the roundel device.
- (d) GOLD FLAKR written in black lettering.
- (e) Use of golden black red colour combination.

On a search of the word "GOLD FLAKE" in the internet, the details available would show that the said brand is owned and manufactured by ITC Limited and gives a history which dates back in India to the sixties. A similar argument, that in view of the notification issued by the Government of India that the cigarette manufacturers are required to print the prescribed pictorial warning covering 85% of the both the sides of the pack, the cause of action in the present suit no

longer survives was negated by the Hon'ble Division Bench for the reasons mentioned in paragraph 82 of the said judgment wherein it is

stated that:

"82. With regard to the contention of the defendant that in view of the notification issued by the Government of India that the cigarette manufacturers are required to print the prescribed pictorial warning covering 85% of the both the sides of the pack, the cause of action in the present suit no longer survives, we cannot agree with the said contention for the following reasons:

(a) The notification is under challenge and subjudice now pending before the Hon'ble Supreme Court.

(b) Assuming the notification is held to be valid by the Supreme Court, the usage of the word GOLDEN'S GOLD FLAKE and other distinguishing features of the plaintiff's trademark by the defendant, the infringement will become more prominent since there will be only 15% usage of space for advertisement of the label. Hence, the argument that the suit has become infructuous in view of the notification is not acceptable to us."

The petitioner has taken all reasonable steps that are expected of the petitioner to protect its intellectual property rights.

Turning to the two marks, it is obvious that the two marks are phonetically similar and operates in the same field. The configuration, colour scheme, the inclination of the words in the same direction and similar fonts, apart from phonetic similarity, gives an overall impression that both the products are identical. On the first impression, it is obvious that there is every likelihood of deception or confusion by the user of the mark of the respondent. It is not the requirement of law that the plaintiff would be required to establish actual deception. It is now well-settled that the Court while considering the likelihood of deception or confusion must make allowance for imperfect collection. The trade channels are same. It is often said that an ordinary purchaser is not gifted with the powers of observation of a Sherlock Holmes. The question of deception and confusion has to be approached from the point of view of an unwary purchaser. The marks must be looked at from the first impression of a person of average intelligence and imperfect recollection and must be compared as a whole microscopic examination being impermissible. The statute does not require actual deception or confusion in order to found an action based on infringement.

Under such circumstances, the interim orders in terms of prayers (a) to (f) passed on December 19, 2018 is confirmed.

The special officers shall deliver the seized articles to the Office of the Registrar, High Court, Original Side within one week from date. The seized articles shall be kept in the safe custody of the Registrar, High Court, Original Side. Each of the special officers shall be paid a final remuneration of 1000 gms each.

Urgent Photostat certified copy of this judgment, if applied for, be given to the parties on usual undertaking.