

(1996) 11 SC CK 0114

In the Supreme Court Of India

Case No : Civil Appeal No. 14610 of 1996

M/s. Bengal Waterproof Limited

APPELLANT

Vs

M/s. Bombay Waterproof Manufacturing Company and
Another

RESPONDENT

Date of Decision : 18-11-1996

Acts Referred:

Civil Procedure Code, 1908 (CPC) — Order 2 Rule 2
Constitution of India, 1950 — Article 136
Limitation Act, 1963 — Section 22
Trade and Merchandise Marks Act, 1958 — Section 78

Citation : (1996) 9 AD 6 : AIR 1997 SC 1398 : (1997) AIRSCW 1522 : (1997) 1 AWC 324 Supp : (1997) 2 BLJR 1728 : (1996) 10 JT 822 : (1997) 2 LW 636 : (1996) 8 SCALE 369 : (1997) 1 SCC 99 : (1996) 8 SCR 695 Supp : (1997) 6 Supreme 139 : (1997) 1 UJ 267

Hon'ble Judges : S. B. Majmudar, J;A. S. Anand, J

Bench : Division Bench

Advocate : S. Hegde, Dilip Sinha, J.R. Das for Sinha and Das, for the Appellant; M.S. Ganesh and R. Ayyam Perumal, for the Respondent

Final Decision : Allowed

Judgement

1. Leave granted.

2. By consent of learned advocates of parties the appeal arising from the SLP was finally heard and is being disposed of by this judgment. A short question arises for our consideration in this appeal. It is to the effect as to whether the suit filed by the appellant against the respondents in the Court of Chief Judge, City civil Court, Hyderabad being Original Suit No. 123 of 1982 was barred by the provisions of Order 2 Rule 2 Sub-rule (3) of the CPC, 1908 (CPC for short). The Trial Court held that the suit was barred by the aforesaid provisions. We will refer to the appellant as plaintiff and the respondents as defendants for the sake of convenience in latter part of this judgment. A learned Single Judge of the High Court of Andhra Pradesh held on merits that the plaintiff had established its case

of passing off against the defendants. However the decree of dismissal of the suit as passed by the Trial Court on the ground that the suit was barred by Order 2 Rule 2 Sub-rule (3) was confirmed by the learned Single Judge. As no writ appeal lies against the said order before the Division Bench of the High Court the plaintiff preferred SLP under Article 136 of the Constitution of India and as we have granted the leave, the present appeal fell for consideration before us.

3. The case of the Plaintiff is that it is a proprietor of the trade mark bearing the word "Duck Back" which is registered under the Trade and Merchandise Marks Act, 1958 and also the owner of the copyright in the artistic design of the word 'Duck Back' registered under the Copyright Act and that the plaintiff has acquired a good reputation in the Indian market for waterproof goods and rubberised waterproof raincoats. It is the further case of the plaintiff that it markets its products under the registered trade mark 'Duck Back' throughout the country and its product has obtained good reputation and popularity amongst the consumers as 'Dack Back' raincoats. The plaintiff further alleges that it came to know that defendants were manufacturing and marketing similar products under the trade mark 'Dack Back' which phonetically and visually resembled the plaintiffs trade mark resulting in confusion amongst consumers and amounted to passing off of plaintiffs goods as the goods of the defendants. The plaintiff was, therefore, advised to sue the defendants under in the City civil Court, Hyderabad for infringement of registered trade mark 'Duck Back' and it prayed, inter alia, for permanent injunction on that basis. The learned Trial Judge in that suit being Original Suit No. 238 of 1980 which will be styled as the first suit, passed the judgment and decree dated 9th April 1982 and dismissed the same on the ground that there was no infringement of plaintiff s trade mark 'Duck Back' by the defendants who were trading in their goods named and styled as 'Dack Back' and, therefore, the reliefs as prayed for in the plaint were not maintainable and could not be granted.

4. It is the case of the plaintiff that it was misinformed and ill-advised when it instituted the first suit for injunction restraining the defendants from manufacturing, selling, distributing and dealing in any manner with the waterproof 'Duck Back' raincoats. The plaintiff further alleged that even thereafter in 1982 it came to its notice that defendants were carrying on the infringement of plaintiffs registered trade mark and were passing off their goods as goods of the plaintiff and, therefore, they were liable to be restrained by way of permanent injunction from infringing the trade mark and copyright of the plaintiff as well as from passing off their goods as if they were plaintiffs goods. The said suit which is the second suit and from which the present appeal arises was registered as Original Suit No. 123 of 1982 before the Chief Judge, City civil Court, Hyderabad, it is alleged in this second suit that by two letters both dated 30th April 1982 addressed to the defendants separately the plaintiff called upon the defendants to desist from marketing, selling or offering for sale the said goods in Class 25 with the mark 'Dack Back'. It was further averred in the plaint of the second suit that by two letters both dated 25th May 1982 Mohammed

Raftullah, acting as Advocate for both the defendants, baldly refuted the factual statements in the plaintiffs said letters dated 30th April 1982 and set up the defence of res judicata and also purported to challenge and deny the very validity of the registration of the plaintiffs trade mark 'DACK BACK'. It was further averred in the plaint paragraph 19 that the cause of action arose on or about 6th April 1982 and continues to arise de die et diem within the jurisdiction of the Trial Court. In para 20 of the second suit it was further averred that the cause of action arose at Hyderabad where the defendants were indulging in the illegal actions, sought to be restrained in the suit and also where the defendants reside. The prayers in the second suit read as under:

therefore, the Hon'ble Court may be pleased to grant:

(a) permanent injunction restraining the defendants and each of them, whether acting by themselves or by their servants or agents from infringing the plaintiffs registered trade mark No. 4378 as OI 29.8.1942 being the word mark DUCK BACK by the USE IN COURSE of trade the mark DACKBACK or any other near resemblance to the plaintiffs said trade mark.

(b) a permanent injunction restraining the defendants and each of them, whether acting by themselves or by their servants or agents from doing the following acts, that is to say, passing off or attempting to pass off or enabling causing or assisting others to pass off waterproof of rubberised material, air pillows, shoes, hot water bags and other goods in Class 25 not being of the plaintiffs manufacture by advertising, offering for sale or selling any limitation of the plaintiffs said goods by attaching to the same to the mark DACKBACK or any colourable limitation of the plaintiffs trade mark DUCKBACK.

(c) an injunction restraining the defendants their servants or agents from infringing the plaintiffs copyright being No. A-4548/69 dated 19.7.1969 in any way;

(d) delivery up for construction all blocks, dies and other implements for the printing or uttering the mark DACKBACK with all papers containing the said mark such as letter heads, bills or advertisements material:

(e) an enquiry into damages and such sum as may be found due thereon;

(f) to grant such other relief of reliefs as this Hon'ble Court may deem fit and proper in the circumstances of the case:

(g) award costs of the suit.

5. The defence amongst, others, was that they had not infringed the plaintiffs trade mark and in any case the suit was barred by res judicata and by Order 2 Rule 2 Sub-rule (3), CPC in view of the fact that the earlier suit based on the same cause of action was already dismissed by the Trial Court on 6th April 1982. As noted earlier, the learned Trial Judge dismissed the suit on the ground that it was barred by Order 2 Rule 2 Sub-rule (3) of CPC. So far as the learned Single

Judge of the High Court was concerned, he agreed with the plaintiff on merits and took the view that the waterproof raincoats manufactured by the first defendant bearing trade mark 'Dack Back' phonetically and visually resembled the waterproof raincoats manufactured by the plaintiff bearing trade mark 'Duck Back'. Thus, on merits the learned Single Judge of the High Court held in favour of the plaintiff. However, he persuaded himself to hold that the present suit, namely the second suit is barred by Order 2 Rule 2 Sub-rule (3), CPC and, therefore, the decree of the Trial Court dismissing the second suit deserved to be confirmed. Of course, the learned Single Judge of the High Court also took the view in favour of the plaintiff that the suit was not barred by *res judicata*.

6. At the time of hearing of this appeal it became obvious that the fate of this litigation depends upon the finding on the moot question whether the second suit of the plaintiff is barred by Order 2 Rule 2 Sub-rule (3) CPC as on merits the High Court has agreed with the plaintiff and there are no cross objections or cross Special Leave Petitions. The learned Counsel for the respondent-defendants fairly stated that if this Court takes the view that the suit is not barred as held by the High Court plaintiff's suit would be required to be decreed.

7. Under these circumstances we now proceed to address ourselves to the sole moot question as to whether the second suit filed by the plaintiff was barred by Order 2 Rule 2 Sub-rule (3), CPC. The said rule, its Sub-rules and the illustration below it read as under:

2. Suit to include the whole claim. (1) Every suit shall include the whole of the claim which the plaintiff is entitled to make in respect of the cause of action : but a plaintiff may relinquish any portion of his claim in order to bring the suit within the jurisdiction of any Court.

(2) Relinquishment of part of claim-whether a plaintiff omits to sue in respect of, or intentionally relinquishes, any portion of his claim, he shall not afterwards sue in respect of the portion so omitted or relinquished.

(3) Omission to sue for one of several reliefs. A person entitled to more than one relief in respect of the same cause of action may sue for all or any of such reliefs : but if he omits, except with the leave of the Court, to sue for all such reliefs, he shall not afterwards sue for any relief so omitted.

Explanation-For the purposes of this rule an obligation and a collateral security for its performance and successive claims arising under the same obligation shall be deemed respectively to constitute but one cause of action.

Illustration-

A lets a house to B at a yearly rent of Rs. 1,200. The rent for the whole of the years 1905, 1906 and 1907 is due and unpaid. A sues B in 1908 only for the rent due for 1906. A shall not afterwards sue B for the rent due for 1905 or 1907.

8. A mere look at the said provisions shows that once the plaintiff comes to a

court of law for getting any redress basing his case on an existing cause of action he must include in his suit the whole claim pertaining to that cause of action. But if he gives up a part of the claim based on the said cause of action or omits to sue in connection with the same then he cannot subsequently resurrect the said claim based on the same cause of action. So far as Sub-rule (3) of Rule 2 of Order 2, CPC is concerned, bar of which appealed to both the courts below, before the second suit of the plaintiff can be held to be barred by the same it must be, Town that the second suit is based on the same cause of action on which the earlier suit was based and if the cause of action is the same in both the suits and if in the earlier suit plaintiff had not sued for any of the reliefs available to it on the basis of that cause of action, the reliefs which it had failed to press in service in that suit cannot be subsequently prayed for except with the leave of the Court. It must, therefore, be shown by the defendants for supporting their plea of bar of Order 2 Rule 2 Sub-rule (3) that the second suit of the plaintiff filed in 1982 is based on the same cause of action on which its earlier suit of 1980 was based and that because it had not prayed for any relief on the ground of passing off action and it had not obtained leave of the court in that connection, it cannot sue for that relief in the present second suit. So far as this plea of the defendants is concerned there is a threshold bar against them for their failure to bring on record the pleadings of the earlier suit which unfortunately has not been properly appreciated by the courts below. A Constitution Bench of this Court in the case of Gurbux Singh Vs. Bhooralal, speaking through Ayyangar, J. in this connection has laid down as under:

In order that a plea of a bar under Order 2 Rule 2(3). CPC should succeed the defendant who raise the plea must make out (1) that the second suit was in respect of the same cause of action as that on which the previous suit was based. (2) that in respect of that cause of action the plaintiff was entitled to more than one relief, (3) that being thus entitled to more than one relief the plaintiff, without leave obtained from the Court, omitted to sue for the relief for which the second suit had been filed. From this analysis it would be seen that the defendant would have to establish primarily and to start with, the precise cause of action upon which the previous suit was filed, for unless there is identity between the cause of action on which the earlier suit was filed and that on which the claim in the later suit is based there would be no scope for the application of the bar. No doubt, a relief which is sought in a plaint could ordinarily be traceable to a particular cause of action but this might, by no means, be the universal rule. As the plea is a technical bar it has to be established satisfactorily and cannot be presumed merely on basis of inferential reasoning. It is for this reason that we consider that a plea of a bar under Order 2 Rule 2, CPC can be established only if the defendant files in evidence the pleadings in the previous suit and thereby proves to the Court the identity of the cause of action in the two suits. It is common ground that the pleadings in C.S. 28 of 1950 were not filed by the appellant in the present suit as evidence in support of his plea under Order 2 Rule 2, civil Procedure Code. The learned trial Judge, however, without these

pleadings being on the record have been from the reference to the previous suit contained in the plaint as a matter of deduction. At the stage of the appeal the learned District Judge noticed this lacuna in the appellant's case and pointed out, in our opinion rightly, that without the plaint in the previous suit being on the record, a plea of a bar under Order 2 Rule 2, CPC was not maintainable.

9. In view of the aforesaid authoritative pronouncement of the Constitution Bench of this Court the learned Trial Judge as well as learned Single Judge of the High Court ought to have held that the plea raised by the defendants in the present case is barred at the threshold as the defendants had not produced on the record of the Trial Court the pleadings in the first suit. Thus there is a complete bar against the defendants from raising the bar of Order 2 Rule 2 Sub-rule (3) against the plaintiff in the present case. In this connection, we may refer to one submission made by the learned Counsel for the defendants which appealed to the learned Single Judge of the High Court. He submitted that the averments in the second suit of the plaintiff were that the first suit was misconceived and proper relief was not prayed for. therefore, it can be inferred that the second suit was hit by the bar of Order 2 Rule 2 Sub-rule (3), CPC and he further submitted that at least in counter filed in reply to the SLP the defendants have produced the copy of the plaint in the first suit. We fail to appreciate how this effort on the part of the defendants can be of any avail to them. Firstly, the Constitution Bench of this Court in Gurbux Singh's case (supra) has clearly ruled that there cannot be any inference about the bar of Order 2 Rule 2 Sub-rule (3), CPC which may be culled out from plaint in the second case and secondly once the plea of bar of Order 2 Rule 2 Sub-rule (3) was not available to the defendants in the suit in the absence of the pleadings in the earlier suit being brought on the record by them in support of their case before the Trial Court they had missed the bus especially when even before the High Court no attempt was made by the defendants to produce the pleadings in the earlier suit by way of an application for additional evidence. therefore, it is too late in the day for the defendants to contend that along with counter in the SLP before us they had produced the copy of the plaint in the earlier suit. In the light of the clear pronouncement of the Constitution Bench in the case of Gurbux Singh (supra), it must be held that it was not open to the defendants to raise the contention of the bar of Order 2 Rule 2 Sub-rule (3), CPC in the present case and, therefore, the learned Single Judge of the High Court was clearly in error in non-suiting the plaintiff on that ground.

10. However, in order to give completeness to this judgment and as the defendants were permitted to enter into the arena of contest on this ground by the Trial Court as well as by the High Court we have thought it fit to examine their contention even on merits.

11. As seen earlier, Order 2 Rule 2 Sub-rule (3) requires that the cause of action in the earlier suit must be the same on which the subsequent suit is based and unless there is identity of causes of action in both the suits the bar of Order 2

Rule 2 Sub rule (3) will not get attracted. The illustration below the said Rule amply brings out this position. A mere look at the said illustration shows that if a landlord sues the tenant in 1908 for the rent due till that year and omits to sue for rent for any of the previous years which had then accrued due he cannot subsequently sue the tenant for the previous rent due, claim for which was given up in the suit. It is obvious that a subsequent suit would not be barred in case of rent falling due after the first suit, say, for the year 1909 or 1910 etc. as that default would give him a fresh cause of action. In the facts of the present case it becomes obvious that when earlier suit was filed in 1980 the plaintiff had a cause of action regarding the alleged illegal use of his trade mark 'DUCK BACK' by the defendants and had also a grievance regarding the then existing deceitful action of the defendants in trying to pass off its goods 'DACK BACK' as if they were similar to the plaintiffs goods 'DUCK BACK'. therefore, the cause of action for the first suit of 1980 was based on the infringement of plaintiff's trade mark 'DUCK BACK' by the Defendants till the date of the suit filed in 1980. The grievance regarding passing off of the defendant's goods as if they were plaintiff's goods was also confined to the situation prevailing on the date of the earlier suit No. 238 of 1980. That suit failed as the plaintiff had not claimed proper relief. Consequently for the alleged acts of infringement of plaintiff's trade mark or the alleged passing off actions on the part of the defendants till the date of the earlier suit no subsequent grievance could be ventilated by the plaintiffs by filing a fresh suit. It is also pertinent to note that in the earlier suit, that is the first suit the plaintiff had claimed Rs. 25,000 by way of damages for the alleged illegal acts of the defendants which were brought on the anvil of scrutiny in the 1980 suit. So far as that cause of action is concerned no subsequent suit lies as it would be barred under Order 2 Rule 2 Sub-rule (3). But we are concerned in the second suit with entirely a different grievance of the plaintiff. In the second suit, namely, the present suit the grievance is not based on any acts of infringement or passing off alleged to have been committed by the defendants in 1980 but plaintiff's grievance is regarding the continuous acts of infringement of its trade mark 'DUCK BACK' and the continuous passing off action on the part of the defendants subsequent to the filing of the earlier suit and which had continued on the date of the second suit of 1982. The relevant averments regarding the fresh cause of action which had accrued to the plaintiff after his disposal of the earlier first suit are found in paragraphs 13 to 20 of the plaint in the present second suit. They read as under:

13. Thereafter the plaintiff made enquiries and came to learn the following which it believes to be true:

(a) That the defendants neither manufacture nor sell nor deal with goods in class 25 with the mark DUCKBACK.

(b) That the Defendant No. 1 manufactures and the defendant No. 2 offers for sale, sells or otherwise deals with waterproof articles rubberised or otherwise in class 25 applying thereto the mark DACKBACK, a word mark.

(c) That the defendants are well aware of the fact that the plaintiffs goods in class 25 have been marketed and sold for years under the plaintiffs trade mark DUCKBACK.

14. The plaintiff avers that the mark DACKBACK is phonetically, visually and in size similar to the plaintiffs said registered trade mark DUCKBACK.

15. The plaintiff avers that the defendants by their said acts have not only infringed the statutory rights of the plaintiff not only under the Trade and Merchandise Marks Act, 1958 but also under the Copy Right Act, 1957 by their wrongful use of the mark DUCKBACK, which is confusing similar to or deceptively resembling the plaintiffs said mark or design DUCKBACK, but also have invaded the common law right of the plaintiff by passing off goods in class 25, not being those of the plaintiffs manufacture or sold by the plaintiff, as those of the plaintiff.

16. By the two letters dated 20.4.1982 addressed to the defendants, separately, the plaintiff called upon the defendants to desist from marketing selling or offering for sale the said goods in class 25 with the mark DACKBACK. Xerox copy of the said two letters dated 30.4.1982 are filed herewith and marked 'D' and 'E'.

17. By two letters both dated 25.5.1982 from Mohammad Raftullah, acting as Advocate for both the defendants, baldly refuted the factual statements in the plaintiffs said letters dated 30.4.1982 and set up the defence of RES JUDICATA and also purported to challenge and deny the very validity of the registration of the plaintiffs trade mark DUCK BACK. The plaintiff reserves its comments on the said letters until trial. Xerox copies of the said 2 letters both dated 25.5.1982 are filed herewith and marked 'F' and 'G' respectively.

18. The Plaintiff has suffered loss which cannot be easily assessed and would suffer further loss and damage unless the defendants were restrained from further infringing the said trade mark DUCKBACK by the use of the mark DACKBACK or any other near resemblance or colourable imitation of the plaintiffs mark DUCKBACK or from passing off in any way goods in class 25 not being those of the plaintiff by the use of the mark DACKBACK or otherwise as the goods of the plaintiff.

19. The cause of action arose on or about 6.4.1982 and continues to arise DE DIE ET DIEM within the jurisdiction of this Hon'ble Court. Thus the suit is within limitation.

20. The cause of action arose at Hyderabad where the defendants are indulging in the illegal actions sought to be restrained in the suit and also where the defendants reside. Thus, the Hon'ble Court has got jurisdiction.

12. The aforesaid averments in the plaint clearly show that the present suit is not based on the same cause of action on which the earlier suit was based. The cause of action for filing this present second suit is the continuous and recurring infringement of plaintiffs trade mark by the defendants continuously till the filing of the present second suit. We asked the learned Counsel for the defendants as

to whether pending the suit and at present also the defendants are trading in the offending goods, namely, bearing the mark 'DACKBACK' and he informed us that defendants even at present are carrying on this business. therefore, pending the second suit all throughout and during the pendency of these proceedings the defendants have carried on the business of trading in the commodity waterproof raincoats 'DACKBACK'. It is obvious that thus the alleged infringement of plaintiffs trade mark 'DUCK BACK' and the alleged passing off action on the part of the defendants in selling their goods by passing off their goods as if they were plaintiffs goods has continued all throughout uninterrupted and in a recurring manner. It is obvious that such infringement of a registered trade mark carried on from time to time would give a recurring cause of action to the holder of the trade mark to make a grievance about the same and similarly such impugned off actions also would give a recurring cause of action to the plaintiff to make a grievance about the same and to seek appropriate relief from the court. It is now well settled that an action for passing off is a common law remedy being an action in substance of deceit under the Law of Torts. Wherever and whenever fresh deceitful act is committed the person deceived would naturally have a fresh cause of action in his favour. Thus every time when a person passes off his goods as those of another he commits the act of such deceit. Similarly whenever and wherever a person commits breach of a registered trade mark of another he commits a recurring act of breach or infringement of such trade mark giving a recurring and fresh cause of action at each time of such infringement to the party aggrieved. It is difficult to agree how in such a case when in historical past earlier suit was disposed of as technically not maintainable in absence of proper reliefs, for all times to come in future defendant of such a suit should be armed with a licence to go on committing fresh acts of infringement and passing off with impunity without being subjected to any legal action against such future acts. We posed a question to the learned Counsel for the defendants as to whether after the disposal of the earlier suit if the defendants had suspended their business activities and after a few years had resumed the same and had started selling their goods under the trade mark 'DACKBACK' by passing them off, the plaintiff could have been prohibited and prevented by the bar of Order 2 Rule 2 Sub-rule (3) from filing a fresh suit in future when such future infringement or passing off took place. He rightly and fairly stated that such a suit would not be barred. But his only grievance was that whatever was the infringement or passing off alleged against the defendants in 1980 had, according to the plaintiff, continued uninterrupted and, therefore, in substance the cause of action in both the suits was identical. It is difficult to agree. In cases of continuous causes of action or recurring causes of action bar of Order 2 Rule 2 Sub-rule (3) cannot be invoked. In this connection it is profitable to have a look at Section 22 of the Limitation Act, 1963. It lays down that 'in the case of a continuing breach of contract or in the case of a continuing tort, a fresh period of limitation begins to run at every moment of the time during which the breach or the tort, as the case may be, continues. As act of passing off is an act of deceit and tort every time when such tortious act or deceit is committed by the defendant the plaintiff gets a fresh

cause of action to come to the court by appropriate proceedings. Similarly infringement of a registered trade mark would also be a continuing wrong so long as infringement continues. therefore, whether the earlier infringement has continued or a new infringement has taken place cause of action for filing a fresh suit would obviously arise in favour of the plaintiff who is aggrieved by such fresh infringements of trade mark or fresh passing off actions alleged against the defendant. Consequently, in our view even on merits the learned Trial Judge as well as the learned Single Judge were obviously in error in taking the view that the second suit of the plaintiff in the present case was barred by Order 2 Rule 2 Sub-rule (3), CPC.

13. Once this conclusion is reached the result is obvious. As the learned Single Judge of the High Court has held on merits in favour of the plaintiff and has taken the view that the action of the defendants is actionable and amounts to acts of passing off as the waterproof raincoats manufactured by the first dependent bearing the trade mark 'DACKBACK' are phonetically and visually similar to those of the plaintiff bearing the trade mark 'DUCK BACK'. It must be held that the plaintiff had made out a case for actionable breach of infringement of plaintiffs trade mark as well as actionable act of passing off by the defendants of their goods as if they were plaintiffs goods and, therefore, the plaintiffs suit would be required to be decreed.

14. In the result the appeal succeeds and is allowed. The judgment and order of dismissal of the plaintiffs suit as passed by the Trial Court and as confirmed by the High Court are set aside. Plaintiffs Original Suit No. 123 of 1982 in the Court of Chief Judge, City civil Court, Hyderabad is ordered to be decreed as prayed for. Appeal is accordingly allowed with costs all throughout.