

(2012) 07 DEL CK 0063

In the Delhi High Court

Case No : I.A. No. 6094 of 2010 and I.A. No. 8683 of 2010 in CS (OS) 889 of 2010

M/s Friends Overseas

APPELLANT

Vs

Swadi Product U.K. Ltd. and Others

RESPONDENT

Date of Decision : 02-07-2012

Acts Referred:

Civil Procedure Code, 1908 (CPC) — Order 39 Rule 1, Order 39 Rule 2, Order 39 Rule 3, Order 39 Rule 4, 151
Trade Marks Act, 1999 — Section 56, 56(1), 9(1)(d)

Citation : (2012) 191 DLT 17 : (2012) 51 PTC 241

Hon'ble Judges : A.K. Pathak, J

Bench : Single Bench

Advocate : Pratibha M Singh, Mr. Jaspreet Singh Kapur and Mr. Ashwin Kumar, for the Appellant; Gurvinder Pal Singh, Gaurav B ., Mr. Nitin Monga, Mishal Viz and Mr. Mahender, for the Respondent

Judgement

A.K. Pathak, J.—Plaintiff has filed this suit for permanent injunction restraining infringement of copyright, unfair competition, passing off, trade dress infringement and damages/rendition of accounts of profits, against the defendants. Mr. Pamaljeet Singh is sole proprietor of M/s Friends Overseas (plaintiff). In fact, sole proprietorship firm has no separate legal entity and is a creation of its sole proprietor, thus, any reference made to sole proprietorship firm shall mean and include sole proprietor and vice versa. It appears that initially defendant no. 1-company was formed by one Mr. Amrik Singh, who is brother of Mr. Pamaljeet Singh, for marketing the products manufactured by the plaintiff under the trade name "SWADI", in United Kingdom. Earlier defendant no. 1 was known as M/s Golden Trading Company, United Kingdom. Plaintiff had been manufacturing and exporting the goods under the mark "SWADI" to defendant no. 1 in United Kingdom. Some disputes arose between the brothers which led to stoppage of import by defendant No.1 from the plaintiff. Later on, defendant no. 2 has been established by Mr. Kuldeep Singh, another brother of

the plaintiff. Now defendant no.2 is manufacturing the same products under the mark "SWADI" and exporting to the defendant no.1.

2. Mr. Ajay Narang is sole proprietor of defendant no. 3-M/s Frontline Pack World. Earlier, M/s Friends Overseas was a partnership firm in which Mr. Ajay Narang, proprietor of defendant no. 3, was one of the partner. Partnership firm was dissolved vide Deed of Dissolution dated 4th March, 2008. Thereafter, defendant no. 3 started sole proprietorship firm and is now supplying packaging material to defendant no.2.

3. It is alleged in the plaint that the plaintiff is engaged in the business of trading and export of rice, pulses, spices atta, maida, suji, besan, tea, coffee etc. under the trade mark "SWADI HOMEMADE". Plaintiff had been exporting the said products under the said name/mark/label to M/s Golden Trading Company, U.K., now defendant no.1. In turn, defendant no. 1 used to market the said goods in United Kingdom. Some differences arose between the plaintiff and defendant no.1 over the payments resulting in stoppage of export of goods by the plaintiff to defendant no.1. However, owing to the superior quality of plaintiff's goods as well as popularity of plaintiff's mark "SWADI" in United Kingdom, defendant no. 1 has changed the name of its company to "SWADI HOMEMADE PRODUCT" and further established defendant no. 2 in India through his other brother Mr. Kuldeep Singh. Defendant no. 2 started purchasing packaging material from erstwhile partner of the plaintiff, that is, defendant no.3. Defendants have started using the mark "SWADI HOMEMADE" with malafide intentions. Defendants have misappropriated the plaintiff's well known mark/label "SWADI HOMEMADE", inasmuch as, copied the artistic get up, layout and trade dress of the plaintiff's product.

4. The mark "SWADI" as well as "SWADI HOMEMADE" was coined by the plaintiff for manufacturing and exporting the plaintiff's goods in the year 2004. However, actual exports began in the year 2006. Plaintiff had applied for registration of the mark/label "SWADI" vide application no. 1512369 dated 12th December, 2006 in respect of goods falling under Class 30 and the said application is pending for registration before the Trade Mark Registry. Plaintiff has spent considerable amount in advertisements in relation to its products under the said mark/label, as a result whereof, marks "SWADI" and "SWADI HOMEMADE" have become synonymous to the products of plaintiff, inasmuch as, have attained enormous reputation and goodwill in India as well as abroad. Purchasers recognize products of plaintiff by the trade mark "SWADI HOMEMADE". Plaintiff has also advertised its products through its website www.swadiproductions.com. Plaintiff is the owner of copyright in the original artistic work in respect of packaging/label/logo relating to said marks. The logo was designed by the proprietor of plaintiff; whereas packaging was designed by one Mr. Sanjay Manchanda, who was engaged by the plaintiff for the said purpose. It is alleged that the defendants have adopted the identical mark in order to encash the goodwill and reputation of the plaintiff's products sold under the said mark and this act of the defendants amounts to

passing off the goods of the defendants as that of plaintiff. Defendants have adopted the trademark/logo as well as label in order to ride on the reputation of the plaintiff.

5. Along with the plaint an application under Order 39 Rules 1 and 2 read with Section 151 of the Code of Civil Procedure, 1908 ("CPC", for short) has been filed. Vide ex parte order dated 7th May, 2010 defendants have been restrained from using the trade mark "SWADI HOMEMADE" or any deceptively similar trade mark as that of plaintiff in respect of "chaki atta". The said order is still continuing. Defendant nos. 2 and 3 have filed I.A. No. 8683/2010 under Order 39 Rule 4 CPC for vacation of the ex-parte injunction order. By this order I shall dispose of both the above referred applications.

6. Case of the defendants is that the mark "SWADI HOMEMADE" in respect of rice, pulses, spices, atta, maida, suji besan etc. is descriptive word having laudatory significance to the nature and the character of the said products and is not registrable u/s 9(1) (d) of the Trade Mark Act, 1999 (hereinafter called as "the Act"); plaintiff cannot claim exclusive right in respect of the said mark. The word "SWADI" is very common word and is extensively used. The word "SWADI" means "tasty". Defendants allege that the plaintiff started exporting inferior quality edible products keeping huge profit margins as a result whereof, defendant no. 1 stopped all its business dealings with the plaintiff with effect from 5th January, 2010. Thereafter, defendant no. 1 has started dealing with defendant no. 2 with effect from 5th January, 2010 and has authorized the defendant no.2 to manufacture, buy in bulk, repack, and export-import from India edible products, that is, rice, cereals, pulses, phenni, flour etc. under the trademark "SWADI". Defendant no.1 has now started importing the abovesaid products from the defendant no.2.

7. Defendant no. 1 works for gain in United Kingdom. M/s Friends Overseas (plaintiff) was established under the instructions as well as from the finances provided by Mr. Amrik Singh Panesar, who is one of the directors of defendant no.1. M/s Friends Overseas was formed in India only for the purpose of buying in bulk, repackaging and then exporting edible products to defendant no.1. It was a family arrangement between the two brothers. Plaintiff was founded only to export the goods of defendant no. 1. Plaintiff has not exported any product by the name "SWADI HOMEMADE" to anyone else except defendant no.1 prior to 5th January, 2010. Even on the plaintiff's packaging it was clearly mentioned that the goods were being marketed by M/s Golden Trading Company, England previously known as defendant no.1 and exported by M/s Friends Overseas. Even now, on the packaging it has been categorically mentioned that the product is marketed by "Swadi Product U.K. Ltd., England and packed by M/s Golden Trading Company, India (defendant no.2). It is further alleged that defendant no.1 being well settled and financially very sound in United Kingdom had been helping his brothers in India to establish themselves in the business of export and import of edible products. However, defendant no.1 has to stop buying the

goods from the plaintiff as the quality of the goods deteriorated. It is denied that the plaintiff's products have acquired enormous goodwill and reputation. It is also denied that defendants have colluded with each other with a common and ill-motivated intent to cheat/deceive the plaintiff by riding piggy back on the goodwill and reputation of plaintiff. It is further denied that the plaintiff has advertised its product through its website www.swadiproductions.com or otherwise and has incurred huge expenditure.

8. Learned counsel for the defendants has vehemently contended that the word "SWADI" is a Punjabi dialect for "Swadisht" in Hindi and "tasty" in English. The mark "SWADI" being descriptive no one can claim monopoly over the same nor can seek exclusive right of user of such a mark. Reliance has been placed on *Stokely Van Camp, Inc. and Anr. versus Heinz India Private Ltd.*, MIPR 2010(3) 273 (DB), *Rich Products Corporation and Anr. versus Indo-Nippon Foods Limited* RFA (OS) No.37/2010 (DB), *Rhizome Distilleries P. Ltd. and Ors. versus Pernod Ricard S.A. France and Ors.* 166 (2010) DLT 12 (DB), *Marico Limited versus Agro Tech Foods Limited* 174 (2010) DLT 279 (DB), *Cadila Healthcare Ltd. versus Gujarat Co-operative Milk Marketing Federation Ltd. and Ors.* 2009 (41) PTC 336 (DB), *Toyota Jidosha versus Deepak Mangal* 2010 (43) PTC 161, *Manish Vij and Ors. versus Indra Chugh and Ors.*, 97 (2002) DLT 1, *J.K. Oil Industries Vs. Adani Wilmar Limited*, , *Chronicle Publications (P) Ltd. Vs. Chronicle Academy Pvt. Ltd.*, , *Online India Capital Co. Pvt. Ltd. and Another Vs. Dimensions Corporate, Merisant Company 2 Sarl and Anr. versus Equal Minerals and Anr.* IA 4196 of 2003 in CS(OS) No. 895 of 2005, *Sunstar Overseas Ltd. versus Rameshwar Dass Garg* 2011 (46) PTC 89, *Bling Telecom Pvt. Ltd. Vs. Micromax Informatics limited*, , *Vijay Kumar Ahuja Vs. Lalita Ahuja*, , *NNE Pharmaplan India Ltd. Vs. CGMP Pharmaplan Pvt. Ltd. and Others*, , *Sun F and B Business versus 21st Hospitality Private Limited* IA No.8909/2009 in CS(OS) No. 1273/2009, *Rajesh Chheda, Prop. of Shubham Plywood versus Shubham Plywood Park through its proprietor, Rajesh Chheda, Prop. of Shubham Plywood Vs. Shubham Plywood Park, I.T.C. Limited Vs. G.T.C. Industries Ltd. and Others, Asian Paints Limited Vs. Home Solutions Retail (India) Limited, Jhaveri Industries Vs. Majethia Masala*, , *United Brothers Vs. Aziz Ulghani and Another*, , *Hindustan Development Corpn versus Deputy Registrar of Trademarks* AIR 1955 Calcutta 519, *Skyline Education Institute (Pvt.) Ltd. Vs. S.L. Vaswani and Another*, , *Sant Kumar Mehra versus Ram Lakhan* (IA 9321/98 in Suit No.2255/98), *Manipal Housing Finance Syndicate Ltd. v Manipal Stock and Share brokers* (1999) 98 Comp Cas 432 (Madras).

9. During the course of hearing, it has been pointed out that defendant no.1 has itself got the mark "SWADI" registered with the Trade Mark Registry, United Kingdom. In view of this, I am of the opinion that it does not lie in the mouth of defendants to allege that the plaintiff's mark "SWADI" can be used by them, being descriptive in nature. In *Automatic Electric Limited versus R.K. Dhawan & Anr.* 1999 PTC (19) 81, the mark in dispute was "DIMMER DOT". Defendant took a plea that the word "DIMMER" being generic expression plaintiff could not have

claimed monopoly over the said mark. A Single Judge of this Court held that since the defendant itself has sought to claim trade proprietary right and monopoly in "DIMMER DOT", it does not lie in their mouth to say that the word "DIMMER" is a generic expression. This judgment has been accepted with approval by the Division Bench in *The Indian Hotels Company Ltd. and Another Vs. Jiva Institute of Vedic Science and Culture*, It was held that since the appellant had itself applied for registration "JIVA" as a trademark and cannot, therefore, argue that the mark is descriptive. The judgments relied upon by the defendants are in the context of different facts and are of no help to the defendants. In the light of above discussions, argument of defendants? counsel on this point is rejected.

10. From the facts narrated in the foregoing paragraphs it appears that the adoption of mark "SWADI HOMEMADE" by the defendants is not honest and is for malafide reasons. Plaintiff commenced its business of manufacturing, marketing and exporting edible products under the mark "SWADI" in the year 2004/2006. Plaintiff had been exporting its goods to defendant no.1 in United Kingdom. In turn, defendant no. 1 had been distributing, marketing and selling the said products in the said country. Even after dissolution of the firm sometime in the year 2008 plaintiff continued to get the packaging material prepared/printed from the defendant no.3. The goods manufactured by the plaintiff used to be packed in the said packaging and used to be exported to defendant no.1. After the differences arose between the plaintiff and defendant no.1, defendant no. 1 has stopped importing the goods from the plaintiff. It further appears that the defendants have ganged up together and started manufacturing and packaging the goods in the similar packaging purchased from defendant no. 3 under the mark "SWADI HOMEMADE", since the said mark had attained enormous goodwill and reputation in United Kingdom where the goods manufactured by the plaintiff used to be marketed by the defendant no.1. Logo, color scheme, printing etc. of the earlier packaging of the plaintiff has been copied to give an impression that there was no difference in the present product vis-à-vis the earlier products manufactured by the plaintiff. The above circumstances clearly indicate that the defendants have connived with each other and in pursuance thereof defendant no. 2 has been established and has started manufacturing and exporting the goods under the mark "SWADI" after buying similar packaging from the defendant no. 3; in turn, defendant no. 1 continues to distribute, market and sell the said products in United Kingdom. In my view, once adoption of mark of plaintiff is found tainted and dishonest the injunction must follow. In such circumstances, plea of plaintiff's acquiescence or delay in initiating legal action will be inconsequential.

11. Registration of the mark "SWADI" in favour of defendant no.1 with the Trade Mark Registry, United Kingdom during the pendency of the suit or for that matter even earlier thereto, will not come in the way of plaintiff seeking injunction as regards this country is concerned. It is the plaintiff who had been manufacturing the goods and exporting it to defendant no.1 in the United Kingdom and in turn,

defendant no.1 had been marketing, distributing and selling the same in that country. The registration of the mark in United Kingdom would not thus be relevant as regards manufacturing, marketing, distribution and selling of goods by the plaintiff under the mark "SWADI" in India is concerned. Withdrawal of opposition in the United Kingdom will also not affect the right of the plaintiff as regards its business in India is concerned where it is the prior user of the mark "SWADI" in respect of the goods in question. Plaintiff is the prior user of the mark "SWADI" and its rights are protected under the common law, even against the subsequent registered proprietor. In *Century Traders Vs. Roshan Lal Duggar Co.*, a Division Bench of this Court has held that in order to succeed in a passing off action appellant has to establish user of the mark prior in point of time than the impugned user by the respondent. The registration of the mark or similar mark prior in point of time to user by the plaintiff is irrelevant in an action for passing off and the mere presence of the mark in the register maintained by the trade mark registry does not prove its user by the persons in whose names the mark is registered and is irrelevant for the purposes of deciding the application for interim injunction.

12. In my view, plaintiff being prior user of the mark has got every right in common law to protect its right and to seek restraint order against the defendants not to pass off their goods as that of plaintiff. In this case, from the material placed on record it is clear that the defendants have not only adopted the mark "SWADI" but have also adopted the label, logo, color scheme etc. of the packaging. Defendants are, thus, guilty of infringing the copyright of the plaintiff in respect of the logo, label, packaging etc. In *Burroughs Wellcome (India) Ltd. versus Uni-Sule Pvt. Ltd.* 1999 PTC 188, it has been held that there is no provision under the Act which deprives the author of the rights on account of non registration of the copyright. There is nothing in the Act to suggest that the registration is condition precedent to the subsistence of the copyright or acquisition of copyrights or ownership thereof or for relief of infringement of copyright. In this case, a perusal of packaging material of the plaintiff as well as defendants, placed on record, makes it clear that defendants have copied the same, thus, are guilty of infringement of copyright of the plaintiff over the packaging.

13. Learned counsel has further contended that the defendant no. 1 has no presence in India and is carrying on its business in the United Kingdom, thus, suit is without any cause of action. Section 56 of the Act has no applicability in the facts of the present case, as the plaintiff has failed to place on record any material to suggest that it is using the said mark in India. I do not find much force in this contention of the learned counsel for the defendants. Plaintiff is based in India. Admittedly, it had been manufacturing the goods and exporting the same to defendant no. 1 in United Kingdom, thus, it cannot be said that plaintiff is not engaged in any manufacturing, distribution or marketing activities in India. Plaintiff is based in India and was manufacturing its products in India itself and was thereafter exporting the same to defendant no.1 in United

Kingdom, inasmuch as, it has been specifically averred in the plaint that plaintiff had acquired goodwill and reputation in respect of the mark "SWADI" in India and abroad. Presence of product of the plaintiff in India under the mark "SWADI", thus, cannot be, prima facie, disputed. Thus, it cannot be said that Section 56(1) of Act is not attracted in this case. In *Cadila Pharmaceuticals Limited, Mumbai versus Sami Khatib of Mumbai and Medley Pharmaceuticals Limited* MIPR 2011 (2) 0224, it was held that Section 56 of the Act covers not only the goods sold in India but also the goods being exported. In para 57 it was held as under:-

There is nothing to suggest that if an infringing mark is only applied to products to be exported from India, the proprietor of the mark or the general public, does not have any interest which requires protection. There are innumerable reasons why and circumstances in which it could be said that even in a passing off action, the proprietor of a mark and the general public require protection in respect of the goods to be exported from India bearing the infringing mark. Merely because goods bearing an impugned mark are only exported it does not follow either as a question of law or even of fact that the proprietor of the mark is not likely to suffer substantial damage to his property in the goodwill. The assumption that goods that are exported are not exposed to residents or citizens of this country is fallacious. The mark is exposed by the unauthorized user thereof to various persons, even within the country, including manufacturers of the labels containing the mark, the manufacturers of cartons on which the labels may be applied and the containers in which the products are sold, the transporters of the goods and the various authorities that deal with the goods before they are actually exported and in the course of export. The process of inspection, quality control and export would involve the exposure of the infringing mark to employees, workers, proprietors and a variety of other persons.

14. In *Kirorimal Kashiram Marketing and Agencies Private Limited Vs. Sachdeva and Sons Industries Pvt. Ltd.*, , a Single Judge of this Court has held that export u/s 56 of the Act is use of the trade mark. There is no restriction on the plaintiff exporting its goods. If the plaintiff were to export its goods, the buyers in different countries are similarly, as in this country, likely to be confused by similar/deceptively similar trade mark. It also cannot be said that the present suit is without any cause of action merely because defendant no. 1 is not marketing its products in India under the trade mark "SWADI" for the simple reason that the defendant no. 2 has been set up to manufacture, products under the mark "SWADI" and goods are exported under the said mark by the defendant no. 2 to defendant no.1, inasmuch as, defendant no.3 is printing and supplying packaging material to the defendant no.2. Manufacturing and packaging in India will attract Section 56 of the Act. *Alberto Co. Vs. R.K. Vijay and Others*, *World Tanker Carrier versus World Tanker Carrier Corporation Vs. SNP Shipping Services Pvt. Ltd. and Others*, and *Crompton Greaves Ltd. versus Salzer Electronics Limited* 2011 (46) PTC 450 Madras are in the context of different facts and of no help to the defendants.

15. I also do not find much force in the contention of learned counsel that since the trade mark "SWADI" was used by the partnership firm it remains the property of said firm and not of the plaintiff individually; Dissolution deed is silent about the status of the trade mark, thus, defendant no. 3 continues to be joint owner of the mark "SWADI", inasmuch as, in the affidavit filed by the plaintiff, even after dissolution, he has shown the plaintiff as a partnership firm. As per the dissolution deed dated 4th March, 2008 all the assets and liabilities of the dissolved firm vests in Mr. Pamaljeet Singh, thus, it cannot be said that defendant no. 3 who has walked out of the partnership firm after dissolution will still have any surviving right over the trade mark "SWADI". In *Spalding & Bros. versus A.W. Gamage Ltd.* (1915) 32 RPC 273, it was held that in a partnership firm Trade Marks are always considered to be an integral part of the goodwill of the business and are saleable. In terms of the dissolution deed all the assets and liabilities of the firm vest in the surviving partner, that is, Mr. Pamaljeet Singh. Trade Mark is also one of the assets of the dissolved firm and vests exclusively in plaintiff. Accordingly, it cannot be said that the defendant no. 3 is joint owner of the mark "SWADI". I do not find much force in the contention of learned counsel for the defendants that the injunction order shall be vacated in view of non-compliance of order under Order 39 Rule 3 CPC. Affidavit of compliance has been placed on record. Merely because certain pages of the plaint sent to the defendants were found incomplete by itself would not be sufficient to vacate the injunction order. Plea of suppression of material facts also does not hold much water. From the discussions made hereinabove, it is clear that the plaintiff has succeeded in disclosing a, prima facie, case of infringement of copyright since packaging material placed on record indicates that defendants have copied the packaging including logo, get up, layout, color scheme, printing etc. of the plaintiff. As regards trade mark is concerned the same mark has been adopted. This act of the defendants is likely to cause confusion and deception in the mind of unwary consumers. Defendants have placed reliance on *Ramdev Food Products Pvt. Ltd. Vs. Arvindbhai Rambhai Patel and Others*, *Reckitt & Collman versus Borden Inc* 1990 (RPC) 341, *SBL Ltd. versus Himalaya Drug* (1997) 2 Arb Lr 650 Delhi, *Laxmikant V. Patel Vs. Chetanbhat Shah and Another*, *Sun F and B Business versus 21st Hospitality Private Limited* IA No.8909/2009, *Sakalain Beghjee versus BM House (India) Ltd.* 2002 (24) PTC 207, *Merisant Company 2 Sarl and Anr. versus Equal Minerals and Anr.* IA 4196 of 2003, *Century 21 Real Estate L.L.C. Vs. Century 21 Main Realty Pvt. Ltd. and Others*, *Asia Pacific Breweries versus Superior Industries Ltd.* IA No.4680/2002 in CS No.946/2002, 2005 (30) PTC 542, *Westin Hospitality Services versus Caesar Park Hotels* 1998 (3) CTC 149, *Sears Roebuck versus Happy House* IA No.1202/86 in CS No.413/1986, *Roca Sanitario versus Roma International* IA 4171/2006 in CS(OS) No. 626/2006, *Paragon Steels (P) Ltd. Vs. Paragon Rubber Industries*, *Aveda Corporation versus Dabur India* 2010 (42) PTC 315, *Mr. Kiran Jogani and Another Vs. George V. Records, SARL*, *Uniply Industries Ltd. Vs. Unicorn Plywood Pvt. Ltd. and Others*, *East African (I) Remedies Pvt. Ltd. Vs. Wallace Pharmaceuticals Ltd. and Another*, *M/s KRBL Ltd Vs. M/s PK Overseas Pvt Ltd.*, ,

Premier Tissues India Ltd. versus Rolia Tissues Industries (CS No. 1672/2011) in support of their contention that the plaintiff has failed to make out a case of infringement of copyright but a perusal of the judgments makes it clear that the same are in the context of different facts and are of no help to defendants, in the peculiar facts of this case.

16. Accordingly, defendants are restrained from using the trade mark "SWADI HOMEMADE" or any other mark which may be deceptively similar to the plaintiff's mark as also the impugned logo/label/packaging or any other deceptively similar logo in respect of rice, cereals, pulses or any other cognate items, within the territorial bounds of India, till the disposal of suit. Application of the plaintiff is disposed off in the above terms; while application of the defendants is dismissed.