
(2001) 01 DEL CK 0009

In the Delhi High Court

Case No : IA. 2417/98 in Suit No. 531 of 1998

M/s Vrajlal Manilal and Co.

APPELLANT

Vs

M/s Bansal Tobacco Co.

RESPONDENT

Date of Decision : 12-01-2001

Acts Referred:

Citation : (2001) 2 AD 358 : (2001) 89 DLT 780 : (2001) 58 DRJ 184 : (2001) RLR 114

Hon'ble Judges : Mukul Mudgal, J

Bench : Single Bench

Advocate : Mr. R.K. Aggarwal and Mr. S.K. Aggarwal, for the Appellant; Mr. Rajiv Nayyar Mr. S.K. Bansal and Mr. Kamal Mehta, for the Respondent

Judgement

MUKUL MUDGAL, J.—This is an application, filed by the plaintiff under Order XXXIX Rules 1 & 2 CPC for confirmation of the ex-parte interim order, passed on 18th of March, 1998. By the said order the defendants, its agents, servants, dealers and representatives were restrained from manufacturing, selling or offering for sale, chewing tobacco under the trade mark "22". The defendant-Company seeks vacation of the said order.

2. The plaintiff-Company has filed the suit for perpetual injunction, restraining infringement of trade mark and copyright, passing off the trade mark and rendition of accounts etc. against the defendant.

3. The case of the plaintiff is as under:

(i) The plaintiff-Company is engaged in well-established and well-known business of manufacturing and marketing of "Bidis", smoking tobacco for the last 62 years. That the plaintiffs have been using the trade mark/label consisting of numerals "22" for their aforesaid products of "Bidis", smoking tobacco and the said trademark "22" is duly registered in their favor under the provisions of the Trade Merchandise Marks Act, 1958 as per the statement/particulars below:

"Trade Mark Reg.No. Dated Class User Products

22 Label 3427 14-08-42 34 1935 Bidis

22 Label 170285 04-08-55 34 1935 Bidis

22 Label 170286 04-08-55 34 1935 Bidis

22 Label 439483 27-06-85 34 1984 Bidis

22 Label 439482 27-06-85 34 1984 Bidis"

(ii) The above registrations of the impugned trade marks/labels have been renewed from time to time and the same are still valid, subsisting and effective throughout India and are being renewed from time to time.

(iii) It has also started manufacturing and marketing of its products of safety matches from 28th November, 1983 under its well-known and well-reputed trade mark/label, i.e., "22" and obtained its registration under the provisions of the Trade & Merchandise Act, 1958 from the Trade Marks Registry, Mumbai and the registration of which has been renewed from time to time and is still valid.

(iv) That these goods, i.e. BIDIS and SAFETY MATCHES are associated goods and are of the same nature, description as also of the same classification. The colour-scheme, get-up, lay-out, writing style and the arrangements of plaintiff's label pertaining to Bidis and Safety Matches is unique, artistic and distinctive. That the plaintiffs are the owners and proprietors of the artistic work in the copyright of the aforesaid trademark/label "22" being its first adapters, authors and originators. In support of this averments the plaintiff has filed the photostat copies of the registration certificates.

(v) The plaintiff has expended a huge amount on the wide publicity and advertisement of its trademark/label "22" by way of wall posters, wall hangers, tin-plates and even on Doordarshan. In sum and substance the plaintiff says that its products, i.e., Bidis and Safety Matches under the impugned trademark/label "22" connote and denote the goods and merchandise of the plaintiffs' origin and none else. The plaintiff-Company claims that the sales in respect of the aforesaid goods runs into crores of rupees. In support of this averments, the plaintiff has filed a statement showing the year wise sale figures of the aforesaid goods, which reads as follows:

"STATEMENT OF SALE FIGURES ON ANNUAL BASIS OF
THE plaintiff

YEAR SALE FIGURES (IN RUPEES)

1976-77	8,80,03,984-00	1977-78	10,53,89,265-00	1978-79	13,89,52,209-00
1979-80	13,65,87,681-00	1980-81	15,22,90,999-00	1981-82	17,15,42,300-00
1982-83	15,87,20,545-00	1983-84	17,01,59,954-00	1984-85	19,94,45,634-00
1985-86	20,95,45,298-00	1986-87	21,83,85,025-00	1988-89	35,51,82,697-00

1989-90 32,59,49,994-00 1990-91 52,79,84,596-00 1991-92 55,22,71,844-00
1992-93 52,43,64,151-00 1993-94 55,72,13,790-00 1994-95 57,46,85,558-00
1995-96 60,27,96,053-00 1996-97 55,50,27,718-00" (vi) That the use and advertisement of the aforesaid goods under mark "22" has been so open, extensive and voluminous that the same are being purchased, asked for, sold and referred to by the name and with reference to mark "22" and the purchase of which deems as a guarantee of the excellent quality.

(vii) That the cause of action arose in its favor and against the defendant in the 1st week of March 1998, when it came to know about the manufacture and sale of khaini/chewing tobacco under the carton and trademark "22" by the defendant in a clandestine manner and selling the same in different parts of the country including the NCT of Delhi. The plaintiff further submits that the dishonest intention on the part of the defendant is evident from the fact that the defendant has adopted almost the same kind of get up, lay out, arrangement/seal and banner in which the impugned trademark "22" have been shown.

(viii) That the defendants were aware of the plaintiffs' trademark and copyright and deliberately with a dishonest and mala fide intention adopted the plaintiffs' registered trademark only to trade upon the plaintiffs' hard-earned reputation and to earn profits in an illegal manner for which they are not entitled. That the confusion and deception is inevitable among public and trade due to close deceptive similarity of trademarks and the defendants are, Therefore, guilty of passing off their inferior and sub-standard products for the quality products of the plaintiffs.

(ix) That on account of defendant's unlawful and unjust trade activities, the plaintiff has suffered damages to the well-known and well-established trade and further damage to the trade and reputation is inevitable unless the defendants are restrained by way of an injunction order from infringing the plaintiff's registered trademark and copyright.

(x) That the goods of the defendant are available for sale in Delhi and plaintiff has purchased one of the product of the defendant from the Delhi market. That the defendant-Company is carrying on their business of marketing and manufacturing the khaini/chewing tobacco under the trademark and label "22" in Delhi and, Therefore, this Court has jurisdiction to entertain the plaintiffs suit. That since both the parties to the suit are working for gain at Delhi, the goods of the parties are available for sale in Delhi and the appropriate Trade Mark Registry is situated at Delhi, Therefore, this Court has the jurisdiction to try the suit. That the jurisdiction of this Court is further attracted u/s 62(2) of the Indian Copyright Act, 1957.

4. The learned counsel for the plaintiff relies upon the judgments reported as K.R. Chinna Krishna Chettiar Vs. Shri Ambal and Co., Madras and Another, ; Ruston and Hornsby Ltd. Vs. The Zamindara Engineering Co., ; Hitachi Ltd. Vs. Ajay Kr. Agarwal 1996 PTC 262 and Corn Products Refining Co. Vs. Shangrila

Food Products Ltd., .

5. Accordingly the learned counsel for plaintiff-Company has submitted that the plaintiff has prima facie the strongest case for continuance of interim order in its favor and against the defendant-Company.

6. In reply the defendant-Company has set up the following case:-

(i) That the defendant is the proprietor of trade mark BANSAL KHAINI TOBACCO No.22 Label in relation to chewing tobacco on account of its prior honest adoption in the year 1974 and continuous user thereafter. Its items cannot be manufactured or sold without obtaining excise license which the defendant has duly obtained.

(ii) That the plaintiff has not filed any documentary evidence in support of its claims to have used the trade mark "22" in respect of chewing tobacco and smoking tobacco.

(iii) That moreover the plaintiff's registered mark "22" Label exists only in respect of Bidis and Safety Matches. In sum and substance the defendant states that the plaintiff has no user and registration of trade mark "22" in so far as chewing tobacco is concerned. And that to avail the remedy of infringement, the onus is on the plaintiff-Company to prove how and in what manner the defendant-Company is using the trademark in respect of the items for which the plaintiff holds registration. Moreover it is the defendant's contention that the right for trademark registration extends only to those items for which the mark is registered as is apparent from the definition of Section 28(1) of the Trademark & Merchandise Act which reads as follows:-

"28. Rights conferred by registration.-(1) Subject to the other provisions of this Act, the registration of a trade mark in Part A or Part B of the register shall, if valid, give to the registered proprietor of the trade mark the exclusive right to the use of the trade mark in relation to the goods in respect of which the trade mark is registered and to obtain relief in respect of infringement of the trade mark in the manner provided by this Act."

That the phraseology of the above Section gives support to the defendant's case that the exclusive rights for trademark is extended only to those items for which the trademark is registered.

(iv) That the plaintiff has no right to press for the infringement remedy against the defendant, who is using the trademark "BANSAL KHAINI TOBACCO No.22 Label" in relation to chewing tobacco in view of the fact that the plaintiff-Company holds the valid registration for the mark 22 only in relation to Bidis and Safety Matches.

(v) Reliance has been placed upon the various decisions in Vishnu Das Vs Vazir Sultan Tobacco Co., Ltd., reported as 1996 PTC 512; Roshan Lal Oil Mills Ltd. Vs Assam Company Ltd. reported as 1996 PTC 699 & United Brothers Vs United

Traders reported as 1997 PTC 603 to contend that the plaintiff cannot hold any monopoly for trade mark "22" in relation to chewing tobacco.

(vi) That it is entitled to the benefit of honest concurrent user of mark "BANSAL KHAINI TOBACCO No.22 Label" in relation to chewing tobacco since 1974 onwards as it has placed on record cogent and sufficient documentary evidence in support of its claim.

(vii) Reliance has also been placed upon decisions reported as Shri Gopal Engg. and Chemical Works Vs. M/s. POMX Laboratory, ; Amritdhara Pharmacy Vs. Satyadeo Gupta, ; Kores (India) Ltd. Vs Khoday Eshwarsa & Son 1984 Arb.L.R. 213; Jain Rubber Industries Vs Crown Pvt. Ltd. 1988 PTC 82 & Hindustan Pencils Vs Aptadet Industries 1991 PTC 204 to contend that the Courts in the above said decisions have recognised proprietary rights and right to use the mark in case the plea of honest concurrent user is established.

(viii) Reliance has also been placed upon Johnson & Johnson Vs Chritine Hoden India Pvt. Ltd. reported as 1988 PTC 39 & Kaviraj Pandit Durga Dutt Sharma Vs. Navaratna Pharmaceutical Laboratories, to contend that in a passing off action, the defendant may escape liability if it can show that the added matter is sufficient to distinguish the defendants' goods from those of the plaintiff.

(ix) That the chewing tobacco of the defendant under the above said mark is distributed only in the State of Uttar Pradesh, Bihar and West Bengal and thus this Court has no jurisdiction to entertain and adjudicate the present suit.

(x) That the defendant-Company has been continuously using their mark/label "22" since 1974 in a distinctive get up and in an artistic way and if the same is compared as a whole it is absolutely different from that of the plaintiff and moreover use of the mark is confined to the States of Uttar Pradesh, Bihar and West Bengal resulting into negligible possibility of confusion and deception. No instance of any confusion or deception have ever been reported.

7. The counsel for the defendant in view of the above submissions has prayed for vacation of the interim order dated 18th March, 1998.

8. Upon going through the record and on the perusal of the plaint I find that the plaintiff has secured registration for the mark "Bansal Khaini Tobacco No.22" for the State of U.P. since 1990. There is also no registration secured by the plaintiff for chewing tobacco. Significantly the product being made by the defendant, i.e., "chewing tobacco" is different from the plaintiff's product, i.e., Bidis and Matches. The plaintiff is not producing this product nor has the plaintiff averred and demonstrated that it has intention to produce the same. The plaint is founded mainly on the plea that chewing tobacco belongs to the same class of goods, i.e., 34 of the 4th Schedule. "Bansal Khaini" is written at the top of the defendant's mark whereas the plaintiff's mark stands out for the use of the numerals "22". There is red background with gold border with a screen of dark blue in the plaintiff's mark. The defendant's mark is only in light shades of blue

and white. Various judgments have been cited by the counsel for both the parties having a bearing on the issues raised as recapitulated in the later part of this judgment. However, in view of my findings on honest concurrent user, I am considering in this judgment the applicability of only those judgments which have a bearing on the issue of honest concurrent user by the defendant.

9. The cases relied upon by the plaintiff are as follows:

(i) K.R. Chinna Krishna Chettiar Vs. Shri Ambal and Co., Madras and Another,

In the above case the common product of both the plaintiff and defendant was snuff and Andal was held to be phonetically similar to Ambal. Injunction was granted. This decision may have had some bearing on the present case but in view of my findings on honest concurrent user by the defendant it is not necessary to consider the effect of this decision at this stage.

(ii) Ruston and Hornsby Ltd. Vs. The Zamindara Engineering Co.,

The Hon"ble Supreme Court in the above judgment held that in an action for infringement if the trade mark is identical, there is no enquiry necessary to determine the possible confusion and injunction is to be granted. The Court also held that only if the mark is similar and not same, tests relating to passing off action have to be applied. In above case the plaintiff was a registered proprietor of "Ruston" for internal combustion engines and the defendant who was selling and manufacturing diesel internal combustion engines by the name of Rustam India was enjoined because the Court held that the mark "Rustam" was deceptively similar to the mark "Ruston" and addition of the word "India" was of no avail. This decision may be relevant for the other issues but in view of my findings on honest concurrent user by the defendant it is not necessary to consider at this stage the import of this decision.

(iii) Hitachi Ltd. Vs Ajay Kr. Agarwal 1996 PTC 262

In the above case, the Court held that there was a phonetic similarity between the word "Hitachi" and the word "Hitaishi". This was the case of a registered proprietor and the case arose from manufacture of sound amplifiers systems which sound amplifiers were also being made by the defendant. In such a situation the injunction was granted. This decision may have had some relevance but in view of my findings on honest concurrent user by the defendant it is not necessary to consider at the interim stage, the applicability of this decision to the present case.

(iv) Corn Products Refining Co. Vs. Shangrila Food Products Ltd.,

In the above decision, the Hon"ble Supreme Court held that reputation is of the trade mark and not of the maker of goods and the presence of a trade mark in the Register does not ipso facto prove the user thereof and the Court further held that the similarity between the competing products has to be adjudged from the point of view of a man of average intelligence and imperfect recollection. In the

aforesaid case the appellant was manufacturing glucose with vitamins and the product was called Glucovita. plaintiff sought to manufacture biscuits by the name of Gluvita. The Court held that plaintiff was entitled to an injunction and it was held that there was trade connections between different goods likely to cause confusion between competing goods particularly when the competing goods closely resembled each other.

Para 20 of the said judgment reads as follows:-

"It is true that in both the abovementioned cases the two competing trade marks were absolutely identical which is not the case here. But that in our opinion makes no difference. the absolute identity of the two competing marks or their close resemblance is only one of the tests for determining the question of likelihood of deception or confusion. Trade connection, between different goods is another such test. Ex hypothesi, this latter test applies only when the goods are different. These tests are independent tests. There is no reason why the test of trade connection between different goods should not apply where the competing goods closely resemble each other just as much as it applies, as held in the "Black Magic" and "Panda" cases, where the competing marks were identical. Whether by applying these tests in a particular case the conclusion that there is likelihood of deception or confusion should be arrived at would depend on all the facts of the case."

Even though the above judgment may otherwise have had bearing on the issue at hand, I am satisfied that on the view I am taking on the plea of the honest concurrent user by the defendant, the applicability or otherwise of this judgment may not be of relevance at the interim stage.

10. The Learned counsel for the defendant has in support of his plea for vacating the injunction relied upon the following judgments:

(i) Vishnudas Trading Vs V.S. Tobacco Co. Ltd. 1996 PTC 512

In the above judgment, the Hon"ble Supreme Court held that the device of CHARMINAR used by the defendant is different from that of the plaintiff. The above case arose from the rectification proceedings. The defendant, Vazir Sultan Tobacco was manufacturing cigarettes and not quiwam & zarda. The plaintiff was also the manufacturer of quiwam and zarda. The Court held that there was no evidence by VST that it intended to manufacture any thing other than the cigarettes and it was further held that tobacco can either be chewed, smoked or inhaled & snuff and quiwam were products were different from cigarettes.

Para 45 of the said judgment reads as follows:-

"In our view, if a trader or manufacturer actually trades in or manufactures only one or some of the articles coming under a broad classification and such trader or manufacturer has no bonafide intention to trade in or manufacture other goods or articles which also fall under the said broad classification, such trader or manufacturer should not be permitted to enjoy monopoly in respect of all the

articles which may come under such broad classification and by that process preclude the other traders or manufacturers to get registration of separate and distinct goods which may also be grouped under the broad classification. If registration has been given generally in respect of all the articles coming under the broad classification and if it is established that the trader or manufacturer who got such registration had not intended to use any other article except and articles being used by such trader or manufacturer, the registration of such trader is liable to be rectified by limiting the ambit of registration and confining such registration to the specific article or articles which really concern the trader or manufacturer enjoying the registration made in his favor."

Thus applying the above principle of law it is clear that since the plaintiff did not trade in the manufacture of chewing tobacco nor did it evince or prove any intention to do so it cannot seek an injunction against the defendant for chewing tobacco in view of the above position of law laid down by the Hon'ble Supreme Court.

(ii) Roshan Lal Oil Mills Ltd. Vs Assam Co.Ltd. 1996 PTC 16

In the above case the plaintiff's product had the "JUMBO LABEL" with device of Aeroplane in respect of edible oils and the defendant was using the label "JUMBO" with device of elephant for manufacturing tea, the injunction was refused as the competing goods were different. The applicability of this judgment need not be considered at this stage due to my findings on honest concurrent user.

(iii) Amritdhara Pharmacy Vs. Satyadeo Gupta,

In the above case, Amritdhara Pharmacy was the registered proprietor who claimed injunction against the manufacturer of Laxmandhara. The Court held that two brand names were likely to confuse and deceive an average customer. The Court further held that the plaintiff had acquiesced by permitting the user and sale of Amritdhara and in this view of the matter, registration was granted to the manufacture of Laxmandhara but was confined to the state of U.P. I am of the view that this judgment has a direct bearing on the facts of the present case as the defendant by the documents produced on record has established the fact that it had been manufacturing chewing tobacco at least since 1975. Thus following the principle of localized permission granted in the above case the interest of justice would be fully protected if the defendant is permitted to use their trade name only for the States of Uttar Pradesh, Bihar and West Bengal and the defendants are restrained from using their trade name in any State other than UP, Bihar, & West Bengal during the pendency of the suit as an interim measure. This would balance the equities.

(iv) Shri Gopal Engg. and Chemical Works Vs. M/s. POMX Laboratory,

In the above decision, the Court held that the 14 months of delay in moving Court was sufficient for refusing injunction. This decision would also support the

case of the defendant in view of its concurrent user since 1975.

(v) United Brothers Vs United Traders 1997 (17) PTC 603

In the above decision, the plaintiffs were the registered proprietors for pressure cookers, tiffin boxes, an injunction was refused against the manufacturers of spoons, knives and boxes, who were using the similar mark "United". This decision may have had some bearing on the present case but in view of my findings on honest concurrent user by the defendant it is not necessary to consider the applicability of this decision at this stage.

(vi) Kaviraj Pandit Durga Dutt Sharma Vs. Navaratna Pharmaceutical Laboratories,

In the above case, it was held that while differences in get up, packing & other factors would be immaterial in an infringement action yet in a passing off action the defendant can escape liability by showing that the added matter is sufficient to distinguish its goods. This decision may have had some bearing on the present case but in view of my findings on honest concurrent user by the defendant it is not necessary to consider this decision at this interim stage.

(vii) Kores India Ltd. Vs Khoday Eshwarsa & Son 1984 ALR 213

In the above case, the Court laid down in Para 11 the following tests for determining the honest concurrent user:-

"(1) The honesty of the current use,

(2) The quantum of concurrent use shown by the petitioners having regard to the duration, area and volume of trade and to goods concerned,

(3) the degree of confusion likely to follow from the rebalance of the applicants' mark and the opponents' marks.

(4) Whether any instance of confusion have in fact been proved, and

(5) the relative inconvenience which would be caused to the parties and the amount of inconvenience which would result to the public if the applicants' mark is registered."

In my view, the above tests are applicable to the facts of the present case because the defendant has established bonafides of his concurrent user since 1975. There is little likelihood of confusion owing to the difference in the mark such as different user of colour red and gold by the plaintiff. There is only a solitary sale pleaded by the plaintiff without any conclusive instance of confusion. The localized use of the product by the defendant confined to 3 states would balance the convenience and inconvenience caused.

(viii) In Johnson & Johnson Vs Chritine Hoden India Pvt. Ltd. reported as 1988 PTC 39 no injunction was granted as sufficient differences were found between the competing products. This decision may have had some bearing on the issue

at hand but in view of my findings on honest concurrent user by the defendant it is not necessary to consider this decision at this stage.

(ix) In Jain Rubber Industries Vs Crown Pvt. Ltd. 1988 PTC 82, an injunction was refused as there was honest concurrent user of product for 7 years prior to the filing of suit. In the present case since the defendant was manufacturing and selling the impugned goods since 1975 prior to the filing of the suit in 1998, injunction cannot be continued.

(x) In Hindustan Pencils Vs Aptadet Industries 1991 PTC 204 defendant's goods were different. The defendant's goods were manufactured prior to the obtaining of the registration by the plaintiff and there was an unexplained delay of 5 years. Interim order was vacated in such a situation but the defendants were directed to file quarterly statement of accounts showing sales of the products in question. In my view, the above judgment would directly have a bearing on the facts of the present case and it will be in the interest of justice to direct the defendant to file the quarterly statement of accounts and sales of the impugned products, i.e., khaini/chewing tobacco and further restricting the user of the defendant to U.P., Bihar and West Bengal.

11. It is not possible to accept prima facie the case of the plaintiff at this stage that it did not know of the defendant's user of the impugned mark for chewing tobacco till March, 1998 particularly in the light of the evidence produced by the defendant including the evidence of excise dues paid by it. The excise clearances showing duty paid have been filed by the defendants from 29.1.77 onwards. The excise declaration forms have been filed from 20.10.75 onwards. These contemporaneous documents are sufficient at this stage to show the manufacture of chewing tobacco by the defendant since at least 1975. Furthermore the averment of para 4 of the written statement giving year wise sales of the defendant company from 1974-75 to 1997-98 has not been specifically denied by the plaintiff in the rejoinder and there is only a bare denial. At this stage I am inclined to accept prima facie the case set up by defendant of honest concurrent user since at least 1975. The damage if any to the plaintiff can be eliminated to a substantial degree by localizing the defendant's user to 3 States only and by further asking the defendant to file its quarterly statement of accounts showing the sale of chewing tobacco by it.

12. The defendant has averred that the distribution of its product is localized to Uttar Pradesh, West Bengal and Bihar whereas the plaintiff on its own showing has averred that its products are advertised even on Doordarshan and would thus have a nationwide reach. In my view it would be sufficient if the injunction as prayed for is not granted but a condition imposed on the defendant not to sell/market its goods in States other than Uttar Pradesh, West Bengal & Bihar. This, in my view, would sufficiently protect the interest of both the parties as well as would be in the interest of justice. In this view of the matter and considering the fact that the defendant is manufacturing, selling and marketing the product, i.e., chewing tobacco since 1975, I am satisfied that at this stage the continuation of

an injunction is not warranted due to the prima facie view I am taking of the establishment of honest concurrent user by the defendant. The interim order dated 18th March, 1998 would, Therefore, stand vacated with effect from 1st of February, 2001. However the defendant's user would be restricted to the States of Uttar Pradesh, West Bengal & Bihar. The defendant would also file on affidavit a quarterly statement of accounts of the sale of chewing tobacco by it.

IA is accordingly disposed of.

Suit No.531/98

List before the appropriate Court for further proceedings on 19.2.2001.