
(1970) 11 DEL CK 0014

In the Delhi High Court

Case No : First Appeal No. 25 of 1969

Nanak Chand and Others

APPELLANT

Vs

Kohinoor Chemical Co. Ltd.

RESPONDENT

Date of Decision : 09-11-1970

Acts Referred:

Citation : (1970) ILR Delhi 344

Hon'ble Judges : M.R.A Ansari, J;Hardayal Hardy, J

Bench : Division Bench

Advocate : D.K. Kapur, M.K. Anand and Anoop Singh, for the Appellant;

Judgement

Hardaval Hardy, J.

(1) This is an appeal from an order granting temporary injunction in a suit pending before a learned Single Judge on the original side of this Court.

(2) The facts have been fully stated in the order under appeal and may Therefore be only briefly re-stated.

(3) The appellants are defendants in a suit filed on the original side of this Court by the plaintiff-respondent which is a foreign company having its registered office in Karachi (West Pakistan.). The company is the registered proprietor of a trade mark "Tibet Snow" which was registered in India under No. 14567 in class 3 as of 16-4-1943. The trade mark was renewed and its registration, subject to cancellation in the meanwhile, would be valid till 16-4-1972.

(4) The defendants-appellants are carrying on business as manufacturers of cosmetics, including face cream, in the name and style of Plaza Chemical Industries and Indira Perfumery Company, Delhi. The face cream manufactured by them is being marketed and sold under the mark "Tibet Snow".

(5) It is not disputed that the appellants had applied for registration of a trade mark with the words "Tibet Snow"; but their application was dismissed in the year 1968 on the ground that the said trade mark was already registered in the

name of the respondent. The appellants thereupon filed an application u/s 56 of the Trade and Merchandise Marks Act, 1958 (hereafter referred to as the Act) for rectification of the Register of trade marks by removal of respondent's mark No. 14567 there from. The application was however dismissed by the Joint Registrar of Trade Marks on 21-11-1968.

(6) While the appellants' application for rectification of the Registrar was still pending, the respondent-company instituted in this Court on 23-9-1968, a suit wherein it prayed for a decree inter alia, for perpetual injunction restraining the appellants, by themselves or through any other persons on their behalf, from using the trade mark "Tibet Snow" or any other mark in respect of face cream which may be an infringement of its trade mark. The plaint was accompanied by an application for grant of a temporary injunction to the same effect till the decision of the suit. On that application an ad-interim order requiring the appellants to maintain accounts of the sale of face cream manufactured and traded by them under the mark "Tibet Snow" was passed. The appellants were also directed to file quarterly statements of account in Court. Meanwhile a notice of the application for temporary injunction was also issued to the appellants,

(7) The appellants entered appearance and by two separate applications asked for stay of proceedings in the suit till the final disposal of their application for rectification of the Register and for security for their costs in defending the suit being furnished by the respondent.

(8) The learned Judge trying the suit, allowed the application for stay of proceedings in the suit. He also held that the appellants were entitled to an order regarding security for costs being made in their favor, but since their application for stay of the suit was being accepted by him, it was not necessary to make such an order at present and that necessary directions in that behalf, would be given if and when the proceedings in the suit were resumed.

(9) In this appeal we are only concerned with the order made by the learned Judge on the respondent's application for grant of temporary injunction whereby the appellants have been restrained from using any carton, packing, container or bottle bearing the words "Tibet Snow" or any word that might sound like "Tibet" while marketing and selling the face cream manufactured by them till the disposal of the suit. The appellants have also been directed to submit a statement showing particulars of the face cream in stock that had already been manufactured by them and was packed in bottles and cartons, resembling those which they had been using previously, prior to the date of the order viz. April 22, 1969. With regard to the face cream that had already been manufactured and packed in such bottles and cartons the appellants were permitted to sell the same but they were directed to maintain accounts regarding the sale and submit the same in Court by the 10th day in each quarter. They were further restrained from trading under the mark "Tibet Snow" or any work which might sound like "Tibet" in respect of any face cream manufactured by them thereafter.

(10) The appellants are aggrieved by the aforesaid order and have come up in appeal against the same.

(11) At the hearing of the appeal, the Court's jurisdiction to issue an order of injunction has not been challenged on the ground that the original suit having been stayed no such interlocutory order could be made by it. Counsel for the appellants has however endeavored to attack the order of the learned Judge holding that the respondent has a "prima fade case which requires investigation and that the balance of convenience lies in favor of the respondent rather than the appellants.

(12) It is contended that the carton used by the appellants is somewhat different from that of the respondent and as such it cannot be held that the user of the mark "Tibet Snow" by the appellants amounts to an infringement of the respondent's trade mark. Another fact on which a great deal of stress had been laid is that there has been considerable delay on the part of the Respondent 1n instituting the suit in spite of the fact that the respondent had come to know in the year 1966 that the appellants had commenced proceedings for cancellation of their trade mark 14567 and for rectification of the Register.

(13) In support of his argument, learned counsel for the appellants has not only cited the case of Bravingtons Limited versus Barrington Tenant 1957 R.P.C. 183 which was relied upon by the appellant before the learned Judge but he has also cited a decision of H. R. Khanna J. (as his lordship then was) in Firm Gaylord Shangrila and another v. Kwalitv Restaurant & Ice Cream Company. New Delhi 1962 Pir 1128. The case of Mohanlal Harprasad, a firm and Others Vs. Firm Lal Mohammad, a partnership firm and Others, has also been cited. In Brayingtons Limited^ the plaintiff-company had traded as jewellers for over a century, In August 1956 the defendant Barrington Tenant using the name Barrington, opened a jewellery shop which it was alleged resembled in appearance a neighbouring shop of the plaintiff-company. The plaintiff issued a writ in December 1956 and moved for an interim injunction restraining the defendant from carrying on business except under his full name "Barrington Tenant". Up-Johan J. held that it was doubtful whether the similarity of the shops would deceive potential customers and as there had been un-due delay in the plaintiff's taking action no interim relief could be granted. It is apparent that there is no connection between the two cases. Firstly, the respondent's action in the present case is eased on the alleged infringement of its registered trade mark which is different from a passing off action, as was the case before Up-John J. Secondly, the similarity in the two marks is prima fade too obvious. The appellants are using the same mark bearing the words "Tibet Snow" which the respondent claims to be its registered trade mark.

(14) It is well settled that there is an essential difference between an action for infringement of a trade mark and an action for passing off. The action for infringement is a statutory remedy conferred on the registered proprietor of a registered trade mark for the vindication of "the exclusive right to the use of the

trade mark in relation to those goods" while an action for passing off is a common law remedy, being in substance an action for defunct, that is. a passing off by a person of his own goods as those of another. In an action for infringement where the defendant's trade mark is identical with the plaintiff's mark. the court will not enquire whether the infringement is such as is likely to deceive or cause confusion. But where the alleged infringement consists of using not the exact mark on the Register, but something similar to it, the test of infringement is the same as in an action for passing off. (See Kaviraj Pandit Durga Dutt Sharma Vs. Navaratna Pharmaceutical Laboratories, and Ruston and Hornsby Ltd. Vs. The Zamindara Engineering Co., .

(15) The learned Judge has advisedly refrained from expressing any opinion about the alleged similarity between the two marks. We also do not propose to say anything that may be understood as a final expression of our opinion on that question, Prima fade however it seems to us that the respondent has a case which certainly merits examination. more particularly after the appellants' application for a trade mark having the words "Tibet Snow" was dismissed and their application for cancellation of the respondents' mark was also rejected by the Joint Registrar of Trade Marks. It is no doubt true, as has been contended by the learned counsel for the appellants, that their appeal against the order of the Joint Registrar of "trade Marks is still pending before the High Court of Bombay and that since the appeal is a continuation of the original cause the controversy, as to whether the respondent's trade mark should be cancelled is still unresolved and the whole question is at large. But the very fact that the appellants have been defeated in at least two rounds, does give rise to" the belief that the respondent-company has a prime fade case and that the sale of the same class of goods under the mark "Tibet Snow" does constitute infringement of the respondent's trade mark.

(16) The case of Gay lord Shangrila decided by the learned Chief Justice, also relates to a dispute regarding a trading style. The plaintiffs in that suit were carrying on business under the trading style "Gaylord Restaurant" in New Delhi. The defendant started their restaurant at Chandigarh under the trading style "Gaylord Shangrila". The plaintiffs sued turn a decree for perpetual injunction restraining the defendants from using the words "Gaylord Shangrila" or "Gaylord" as their trading style and succeeded in obtaining a temporary injunction from the District Judge restraining the defendants till the decision of the suit from using the words "Gaylord" or "Gaylord Shangrila". The defendants appealed against the order. The appeal was allowed and the order of temporary injunction-was substituted by an order for maintaining true and proper accounts and for furnishing security for payment to the plaintiffs of profits made by them in case the plaintiffs ultimately succeeded in the suit. There was also a further direction that the defendants shall display the word "Shangrila" on the signboard, cash memo's, cartons and memo books as prominently as the word ""Gaylord" and also publish general notices in the newspapers viz., the Hindustan Times, New Delhi and the Tribune, Ambala, to the effect that the restaurant of the

defendants had no connection with the restaurant of the plaintiffs. This again was not a case of infringement of a registered trade marks. The very fact that the High Court gave the aforesaid directions clearly shows that the plaintiffs had a prima facie case. The ultimate decision in the appeal, on the other hand turned on the issue as to balance of convenience and not on the question of prima facie case, for it is implicit in the judgment that the use of the word "Gaylord" both by the plaintiffs and the defendants, did indicate that the plaintiffs had a prima facie case.

(17) The case of Mohanlal Harprasad v. Firm Lal Mohammad[^]) is also of no assistance to the argument of the learned counsel for the appellants. although the case does relate to infringement of a trade mark. The relief of temporary injunction was refused to the appellant in that case not on the ground of absence of a prima facie case but on the ground that the respondent's business was centered in three districts of Madhya Pradesh where the appellant had practically no sales. It was the local nature of the respondent's business that was responsible for the decision.

(18) As regards delay, the argument of the learned counsel for the appellants lies that this aspect of the case had not been considered by the learned Judge at all and that only a passing reference has been made to it in the order under appeal. It is no doubt true that the delay in applying for an order of temporary injunction is one of the considerations which has to be kept in view, but delay by itself is not sufficient to deprive the registered proprietor of a trade mark of his rights unless it is such as to give rise to a belief that the proprietor of the trade mark has either acquiesced in the user of the mark by the opposite party or has abandoned his rights therein. The respondent no doubt came to know about the appellants' efforts to have the respondent's trade mark removed from the Register, but so long as there was no real danger to its rights the respondent could well ignore the threat. We also cannot shut our eyes to the fact that the respondent is a foreign company in Pakistan and there are obvious difficulties in the way of its launching on a litigation in this country. In such circumstances. if there has been some delay in the respondent's coming to court, it is not such as to dis-entitle the respondent to the protection of this Court.

(19) In the ultimate analysis the question of delay is also linked with the question of balance of convenience and is one of the factors to be kept in view while deciding an application for grant of temporary injunction. The principle that governs such matters is as was held by Aggarwala and Desai JJ. in National Carbon Co. (India) Ltd. Vs. Raj Kumar and Another, , that when an interim injunction is sought during the pendency of a suit what has to be seen is first, whether a prima facie case has been made out by the plaintiff in respect of the claim, and secondly, whether the balance of convenience demands that the injunction should be issued.

(20) The real question that has to be considered in this appeal Therefore is on which side lies the balance of convenience. Learned counsel for the appellants

contends that it is incontrovertible that the face-cream bearing the respondent's trade mark and manufactured by it in Pakistan is not being imported in this country since some years past. It is also not known how long the present trade restrictions between the two countries may last. In such circumstances, the respondent cannot restrain the appellants from manufacturing and marketing their produce under that mark when there is no possibility of the respondent's own product being made available to the public in India.

(21) In this connection reliance is placed by the learned counsel on a recent decision of the Court of Appeal in England in *Zaidner v. Bamsdale Engineers Ltd.* 1968 R.P.C. 433. Special stress has been laid by the learned counsel on the observations of Willmar L. J. at page 495 of the report where it was said :

"IT is naturally with reluctance that I differ from the view of so experienced a judge, but I cannot think that this is a proper case in which to grant the relief of an interlocutory injunction. The grant of such relief can be a very serious matter especially if it leads to the closing down of the defendants' works for an indeterminate period, with the possibility of throwing a number of people out of employment.

"IN the circumstances of this case I do not see that in the absence of an interlocutory injunction, there is the slightest chance of the plaintiff suffering any irreparable injury. I see no reason why damages should not afford an adequate remedy, assuming that the plaintiff ultimately succeeds in the action. We have not been informed as to the scale on which the defendants are operating, but if it turns out that they are operating on a large scale than no doubt, if the plaintiff succeeds in the action, she will recover substantial damages. But equally on that basis there should be no doubt as to the ability of the defendants to pay them. If, on the other hand, the defendants are operating on only a small scale, than I venture to think that any injury to that plaintiff will be almost minimal."

(22) We are not impressed by this argument. Firstly, the case before the Court of Appeal related to infringement of a patent. The plaintiff in that case was the owner of two patents relating to a vehicle anti-theft device which immobilised the vehicle by locking the steering wheel and the foot-paddle together by means of a hooked telescopic rod. The defendant disputed the validity of the patent on the grounds of prior publication, obviousness and lack of un-inventive merit. Although no opinion was expressed by the Court of Appeal upon the general merits of the question canvassed before them, it was said by Willmar L.J. that in his view there was a good deal to be said in support of either side's case. That apart, what appears to have weighed with the learned Judges of the Court of Appeal was that the grant of injunction in that case would have led to the closing down of the defendants' works for an un-determined period with the possibility of throwing a number of people out of employment. There was also no material before the Court as to the scale on which the defendants were operating. It was further said that normally an interlocutory injunction would not be granted where damages would provide adequate remedy should the claim succeed nor would

the Court grant an interlocutory injunction unless it was satisfied that there was a real probability of the plaintiff succeeding on the trial of the suit.

(23) In the present case, there is no danger of the business of the appellants closing down. As a result of grant of injunction, the appellants can still continue to manufacture and sell their face cream: only they have to stop using the words "Tibet Snow" on the cartons, bottles and packages etc. in which the said article may be sold. It has been pointed out by Mr. Anoop Singh, learned counsel for the respondent that the audited statements of account which the appellants have been filing in Court under the directions of the learned Judge, do not at all indicate that the appellants are operating on a large scale. According to Mr. Anoop Singh, either the audited statements filed by the appellants do not give a correct version of their sales or the business of the appellants is "on such a small scale that any injury to them will be almost minimal. It is urged that if the audited statements of account do not reflect the true version of the sales the necessary inference is that it will not be possible for the trial Judge to compute the damages which the Respondent is likely to suffer during the pendency of the suit that case damages will not provide an adequate remedy should the respondent's claim succeed. On the other hand, if the appellants' sales are as reflected by the statements of account filed by them in court, they are not likely to suffer any serious injury.

(24) Mr. Anoop Singh further contends that in spite of the embargo on the import of respondent's goods from Pakistan into this country, the very fact that during the period the said embargo lasts and there is equal possibility of the embargo being removed sometime or the other, the respondent will have suffered an irreparable injury. He says that the respondent's face cream sold under the trade mark "Tibet Snow" is both widely advertised and has always had large sales. Although due to import restrictions it has at present no sales in this country it cannot be denied that the product is associated, in the mind of the people with the name of the respondent. The object of the appellants in using the same mark is, or at any rate, the natural consequence of their doing so would be, to induce the public to believe that the goods which they are selling were exported by or came from the respondent's house or that the appellants were concessionaires from the respondent-company or were under some arrangement with it. In that case the appellants would evidently be deceiving the public to the prejudice of the respondent. Likewise if the appellants were allowed to use the same trade mark in the market for a long time they would become as well known in the market as importers and sellers of the goods of the respondent. There is thus an apparent danger to the respondent's goodwill and reputation which is a necessary attribute of a right to trade mark. To accept the argument of the learned counsel for the appellants that since the respondent-company was not having any sales of its product in this country on account of trade restrictions one would have to go to the length of holding that it had also no right to its rights as the registered proprietor of the trade mark being protected by injunction or otherwise. On that view of the matter we shall have to

establish two separate standards, one for the protection of the rights of a national of this country and another for a foreigner who may be registered as a proprietor of a registered trade mark in this country. In the latter case, the trade mark could be successfully purloined by any unscrupulous indigenous producer on the ground that the Government had temporarily imposed trade restrictions on the import of the product. That is not the law as we understand it to be.

(25) Mr, Anoop Singh also referred us to a decision of Despande J. in *Wearwell Cycle Co. (India) Limited Vs. Wearwell Industries and Another*, where it was held that for the grant of a temporary injunction the question of balance of convenience could arise only when at least prima facie the two parties were on the same levels and their rights were about equal. The plaintiff in that suit for the grant of a permanent injunction to restrain the defendant from infringing its trade mark had alleged that it was the user of the trade mark for 12 years and had spent about four lakhs of rupees for advertising the trade mark and had sold goods under that trade mark to the tune of Rupees three crores while the defendant had used the trade mark for six months only. It was. held that the balance of convenience was in favor of the plaintiff and a temporary injunction ought to have been "ranted by the trial court.

(26) It appears to us that in the present case there was material before the learned Judge that the respondent had large sales and had widely advertised its product for several years. It was only due to import restrictions that the respondent's product had no sales in this country at present.

(27) On an over-all view of the material on record we are satisfied that the learned Judge exercised his discretion on sound lines and that there is no error of principle involved in the order made by him. The order made by the learned Judge is Therefore maintained and the appeal is dismissed with costs