

(1972) 11 DEL CK 0004

In the Delhi High Court

Case No : Regular First Appeal No. 639 of 1970

Prina Chemical Works and Others

APPELLANT

Vs

Sukhdoyal and Others

RESPONDENT

Date of Decision : 03-11-1972

Acts Referred:

Citation : (1974) ILR Delhi 545

Hon'ble Judges : Jagjit Singh, J; A.B. Rohtagi, J

Bench : Division Bench

Advocate : N.K. Anand and Anoop Singh, for the Appellant;

Judgement

Avadh Behari, J.

(1) This is a defendants' appeal against the order of the Additional District Judge dated September 29, 1970.

(2) The material facts for the decision of this appeal may briefly be stated thus:

SUKHDAYAL and his two sons Gurbachan Singh and Harbans Singh instituted a suit on December 21, 1959 against (1) M/s. Prina Chemical Works, (2) M/s. Natha Singh Pritam Singh, (3) Surjit Brothers and its partners. The only surviving partner is defendant No. 6. The other two partners (defendants 4 and 5) had died during the pendency of the suit in the trial court.

(3) The allegations of the plaintiffs as laid in the plaint are as follows- The plaintiffs are the partners of the business styled as "M/s. Sukhdoyal and Sons" and they carry on their business at Delhi. One Haji Ehsan Elahi, proprietor of the firm Haji Shamsul Haq and Sons was carrying on business at Fatehpuri Bazar, Delhi as manufacturing chemist. He was the proprietor of the trade mark "Sun Brand Hair Dye 929". On July 7, 1947, at Delhi Haji Ehsan Elahi took Sukhdoyal (plaintiff No. 1) as partner in the business. A partnership deed was executed between them and the partnership started business in the same premises No. 34-35, Fatehpuri Bazar, Delhi, under the name and style "M/s. Sukhdial and

Co.". It was alleged that the partnership-firm continued manufacturing and selling "Sun Brand Hair Dye 929" and this trade mark and goodwill became the property of the partnership. The firm Sukhdial and Co. was dissolved on January 24, 1948 and the business of the firm including the stock in trade, assets, tenancy rights, goodwill and right to use the trade mark "Sun Brand Hair Dye 929" were taken over by Sukhdayal (plaintiff No. 1) for consideration from Haji Ehsan Elahi who left India and settled in Pakistan. It was averred by plaintiff No. 1 that the trade mark in question became his exclusive property. Thereafter plaintiff No. 1 took plaintiffs Nos. 2 and 3 as partners in the business and the name of the business was changed to "Sukhdial Bhatia and Sons". Since the year 1948, the plaintiffs have been using the trade mark/label "Sun Brand Hair Dye 929" continuously and extensively. The plaintiffs claim that their trade mark has become distinctive of their hair dye and the purchasers recognise and demand their goods by the name of their trade mark "Sun Brand Hair Dye 929" or simply as "Sun Brand Hair Dye" and recognise it by the distinctive multi-coloured cartons.

(4) It was further alleged by the plaintiffs that in the end of April. 1959, it came to their notice that defendants who are carrying on business at Amritsar and Delhi under the name and style of M/s. Prima Chemical Works, Natha Singh Pritam Singh, and M/s. Surjit Brothers had started manufacturing hair dye under the trade mark "Sun Brand No. 1919". It was said that the defendants have adopted the same name "Sun Brand Hair Dye", exactly similar shield, words, style, colours, get up, etc. In order to deceive and defraud the public into believing that the product sold by them is the product of the plaintiffs. The plaintiffs claimed that the defendants were guilty of passing-off their goods as those of the plaintiffs. The plaintiffs further alleged that they have suffered great harm in their trade and the defendants have earned undue profits and if they continue with the offending trade mark, they will further harm the trade, goodwill, reputation and name of the plaintiffs in the market, and hence they are liable to be restrained from adopting and using the name "Sun Brand Hair Dye". The plaintiffs claimed an injunction against the defendants restraining them from manufacturing, selling, offering for sale hair dye with mark "Sun Brand Hair Dye 1919" or with the mark "Sun Brand" or names similar to that of the plaintiffs trade mark "Sun Brand Hair Dye 929" and from passing off their goods as those of the plaintiffs. The plaintiffs also claimed a decree for accounts.

(5) The defendants contested the suit. The claims of the plaintiffs were denied. It was asserted that the alleged partnership of the plaintiff with Haji Ehsan Elahi was a camouflage and was merely a device to sublet the premises. It was denied that the plaintiffs are the owners of the trade mark. It was also pleaded that the design of the carton of the defendants is different from the plaintiffs' carton and the numerals 1919" and "929" are distinguishing features besides the trading style of the goods. The defendants asserted that, in any case, the defendants have better rights than the plaintiffs due to their earlier user and reputation. The defendants pleaded that they have been manufacturing and selling Hair Dye in

their own distinctive carton "Asli Suraj Marka Germany Khazab No. 1919" since the year 1930. The defendants denied that there was any valid assignment or transmission of any rights in the trade mark in favor of the plaintiffs. The defendants also pleaded that the plaintiffs were estopped from filing the suit on account of waiver, laches and abandonment. On the pleadings of the parties, the trial Court framed the following issues:--

1.Are the plaintiffs proprietors of the trade mark/lab. "SUN Brand Hair Dye NO. 929" 2. Have the defendants been selling goods so marked as to be designed or calculated to lead purchasers to believe that they are the plaintiffs' goods? 3. Did the plaintiffs and their predecessors start using "SUN Brand Hair Dye NO. 929" trade mark/label before the defendants started using the label marked P1? 4. Are the plaintiffs estopped from filing the present suit on account of waiver, laches, and abandonment? 5. Are the plaintiffs entitled to rendition of accounts? 6. To what reliefs are the plaintiffs entitled?

(6) The parties went to trial. On issue No. 1 the trial court held that the partnership between Haji Ehsan Elahi and Sukhdial was a genuine transaction and that Haji Ehsan Elahi had transferred not only tenancy rights of the premises, but also his rights in the business including goods, goodwill and the trade mark in question. On issue No. 2, the trial Court held that the two marks are almost identical with each other in their names, design, colour scheme and get up and the defendants have got this trade mark from the plaintiffs' trade mark and label. The adoption by the defendants of the trade mark was held to be an imitation of the plaintiffs' mark and label and the defendants were held guilty of passing off the goods as the goods of the plaintiffs. On issue No. 3, the trial Court recorded the finding that the plaintiffs' predecessors-in-interest started using the trade mark in question in the year 1923 and the defendants started using this trade mark in the year 1932. In other words, the plaintiffs and their predecessors-in-interest were held to have been using the trade mark before the defendants. On issue No. 4, the trial Court held that the suit was not barred by reason of waiver, laches or abandonment. In the result, all the issues were decided in favor of the plaintiffs and a decree was passed with costs of the suit in the plaintiffs' favor in terms of the prayer set out in the plaint.

(7) The defendants have preferred this appeal. The main contention of the defendants-appellants is that the plaintiffs-respondents have not been able to establish that they are the proprietors of the trade mark "Sun Brand Hair Dye 929, and the deed of partnership and the deed of dissolution on which they rely do not afford clear proof or evidence of the fact that the rights in the trade mark were assigned to them by the proprietor. Haji Ehsan Elahi.

(8) Fortunately, there is unimpeachable evidence regarding the origin of this trade mark. This trade mark was first invented and used by Anwarul Haq son of Haji Shamsul Haq who sold into Haji Shamsul Haq by a registered sale-deed dated November 2, 1932. Haji Shamsul Haq in his turn sold the business, the trade mark, and the goodwill to his son Haji Ehsan Elahi who was the proprietor

of the business styled as Haji Shamsul Haq and sons by a sale deed in July 1937. The trade mark was deposited by Haji Ehsan "Elahi and a certificate of Deposit dated April 24, 1941 was granted. Haji Ehsan Elahi in 1942 made three applications for the registration of the trade mark. In these applications, he claimed to be the proprietor of the trade mark. It was also stated in the applications that the trade mark has been continuously in use since July 9, 1918. A separate application dated September 25, 1942 was made in respect of the words "Sun Brand" and two applications were made in respect of the words "Germany Sun Brand No. 929" and numerals "929" on December 26, 1944. Haji Ehsan Elahi also swore an affidavit on December 21, 1944, in support of his application dated September 25, 1942. In this affidavit, it was stated by him that the trade mark has been continuously in use in India since 1918 and a declaration of ownership was filed in the office of the Registrar on December 13, 1923. This declaration of ownership was made by Anwarul Haq in the form of an affidavit (Ex. Public Witness 13/7) who claimed to be the sole proprietor owner, inventor and designer of the said trade mark. It, Therefore, appears to be beyond doubt that Shamsul Haq and Sons of which Anwarul Haq was partner "and of which Ehsan Elahi became the proprietor were using this trade mark at least from 1923 and continued to do so till 1947, and from the record of the sales given in the affidavit, it also appears that this hair dye had good sale in India.

(9) The claim of the plaintiffs-respondents is that the trade mark is their exclusive property as they are the successors-in-interest of Shamsul Haq and Sons. This claim is made on the basis of two documents, viz., the partnership deed dated January 8, 1948 which was entered into between Haji Ehsan Elahi and Sukhdial, and secondly on the deed of dissolution dated January 24, 1948 by which the partnership was dissolved.

(10) The partnership deed (Ex. P2) recites that the partnership was formed on July 7, 1947, but the document on stamp paper was executed on January 8, 1948. In the recitals it is stated that Haji Ehsan Elahi entered into an agreement and took an advance of Rs. 1000.00 on July 7, 1947. Haji Ehsan Elahi was doing business in shop No. 34 and 35, Fatehpuri Bazar, Delhi. The tenancy of the premises was in his name. He had fittings, fixtures and goods in the shop. It was also stated that he was unable to work independently due to communal tension in Delhi and wanted to continue business in cooperation with a Hindu partner and, Therefore, took Rs. 1000.00 as advance on July 7, 1947. It was further stated in the deed that Haji Ehsan Elahi had agreed to admit Sukhdial into partnership. Sukhdial agreed to invest Rs. 15000.00 in the business. The capital of this newly formed partnership was to be in the sum of Rs. 20000.00 which was agreed to be contributed by the parties in the following shares :

1.4 annas in a rupee by Ehsan Elahi, and 2. 12 annas in a rupee by Sukhdial.

Haji Ehsan Elahi valued furniture, fittings and stock of medicines which were in the shop at Rs. 6000.00 He received Rs. 1000.00 as advance and, Therefore, his

net investment in the partnership was of Rs. 5000.00. Sukhdial invested Rs. 15000.00 in cash as his share of 12 annas in a rupee. The partnership was to carry on business in the lease hold premises at Fatehpuri Bazar under the name and style of "Sukhdial and Co.". Clauses 8 and 10 of the partnership deed are worthy of consideration. These are reproduced here:

8.The second party (Sukhdial) shall manage and work as working partner and will arrange the affairs of the firm mutually with consent of the first party in all their acts and deeds and will keep proper accounts." "10. It shall not be necessary or lawful for the first party (Haji Ehsan Elahi) to take any part or in any way interfere in the conduct of the arrangement of the said business.

(11) On January 24, 1948, this firm was dissolved and a deed of dissolution was executed between Sukhdial and Haji Ehsan Elahi. In this document it was recited that the business of M/s. Sukhdial and Co. shall from January 24, 1948, be carried on by the continuing party, that is, Sukhdial as the sole proprietor with the name and goodwill of "M/s. Sukhdial and Co." and Haji Ehsan Elahi will not use the name and goodwill of "Sukhdial and Co.". On dissolution Sukhdial paid a sum of Rs. 5000.00 being the capital of Haji Ehsan Elahi.

(12) It will now be seen that the partnership hardly continued for about 16 days and all that was paid to Haji Ehsan Elahi on the dissolution was a sum of Rs. 6000, viz., Rs. 1000 were paid on July 7, 1947 at the time of the agreement, and a sum of Rs. 5000 was paid on January 24. 1948. According to the appellants, the deed of partnership is a bogus transaction and the only object which was sought to be effectuated by this document was to transfer the tenancy premises to Sukhdial with fittings, furniture and such goods as were present in the shop. On the other hand. the learned counsel for the plaintiffs-respondents has laid much stress on the term "good will" which appears in the deed of dissolution. His submission is that Haji Ehsan Elahi also transferred the goodwill on dissolution and the term "goodwill" will include the right to use the trade marks of Shamsul Haq and sons. The firm of Shamsul Haq and Sons did business in Chemicals. They were manufacturing "German Hair Dye 929", "Doctor Taylor's Spleen Mixture" and "Doctor Taylor's Ague Mixture". The plaintiffs-respondents" claim is that as they had been assigned goodwill of the business on dissolution, they are entitled to the use of the above trade marks. Shri Anoop Singh, the learned counsel for the respondents has placed reliance on the following passage at page 471 in Lindley on Partnership, Thirteen Edition:

IN framing article of partnership, too great care cannot be taken to express as clearly as possible what is intended to be done with respect to the partnership name and goodwill; and in order to avoid all ambiguity, the word goodwill itself should be made use of. There are cases which show that an agreement to take a retiring partner's share in the property and effects of the partnership does not entitle him to anything in respect of goodwill; but these cases are not in accordance with the more modern decisions which show that the goodwill is prima fade included in the ""assets" of the partnership, and must be paid for

accordingly, and it is apprehended that in some cases goodwill might even be held to be included in the partnership "premises".

On the other hand the learned counsel for the appellants-defendants has submitted that the real question to be decided is whether Haji Ehsan Elahi ever invested any of his trade marks in the partnership business. His submission is that the trade marks remained the separate property of Haji Ehsan Elahi and these were never invested by him in the partnership business and, Therefore, the trade marks could not be termed as the property of the partnership. The learned counsel cited the following passage at page 349 from Lindley on Partnership, Thirteenth Edition:

IT is for the partners to determine by agreement amongst themselves what shall be the property of the firm, and what shall be the separate property of one or more of them. If there is no express agreement, attention must be paid to (1) the source when the property was obtained, (2) the purpose for which it was acquired, and (3) the mode in which it has been dealt with. Upon this subject there have been many decisions which will be referred to hereafter, but the principal rules which may be deduced from the cases are now incorporated in sections 20 and 21 of the Partnership Act 1890, Although these rules will doubtless be found of great assistance in determining what is and what is not partnership property, the ultimate test must still be the agreement of the partners. Moreover, it is competent for partners by agreement amongst themselves to convert what is the joint of all into the separate property of some one or more of them, and vice versa. The determination, Therefore, of the question: What is and what is not the property of the firm? Involves an inquiry into the three following subjects viz., 1. Joint estate. 2. Separate estate. 3. Conversion of one into the other.

The learned counsel also relied on another passage in Lindley on Partnership, Thirteenth Edition, at page 352:

CONVERSELY, it is to be observed that property which has been used and treated as partnership property cannot be. presumed to belong to one partner only, simply because he paid for it; for the presumption in such a case is rather that the property in question was his contribution to the common stock. But the vital question always remains was the property used and treated as partnership property? The mere use of property by the partnership without any indication as to whom the property was treated as belonging will not usually bring about any change in the beneficial ownership of such property which will, Therefore, remain vested in the partner or partners previously entitled thereto. Thus, this has been held to be so in the case of such important items of property as the goodwill of a business carried on by the partnership and the lease of the premises on which the partnership business was carried on.

(13) The learned counsel for the appellants also referred to Premraj Brahmin and Others Vs. Bhaniram Brahmin and Others where it was held that the mere fact

that the property of one partner has been used for the partnership does not make it partnership property. The matter depends upon the real intention of the partners. The case of B.S. Ramappa and Another Vs. V.B. Monappa and Another, was also cited in this regard.

(14) "IT is said that the assignment of the goodwill of the business passes all the trade marks used in connection with the business. In my opinion it may or it may not". [Per North, J. in the matter of Rogers Trade Marks Act 12 R.P.C. 149 (159) A. In each case it is a question of fact. In the case of an unregistered trade mark, the question whether the trade mark has passed as a result of title assignment of the goodwill of the business must be decided having regard to the intention to be inferred from the whole of the assignment. There may be no intention to assign the mark in spite of the use of the word "goodwill" in the assignment, although that word might have been sufficient to include it if there was nothing to the contrary. The right way to approach the question is to consider the facts of each case and to ascertain what rights, if any, were acquired by the purchaser.

(15) It seems to us that the question is one of construction of two documents-deed of partnership and the deed of dissolution-and it is, Therefore, necessary to find out whether as a matter of construction, was there any assignment made of the trade mark to Sukhdial by the two documents, viz., partnership deed and deed of dissolution. There is no evidence on the record that Haji Ehsan Elahi ever invested his trade mark in the business and converted what was his separate property into partnership property. What he got on dissolution was a paltry sum of Rs. 6000.00 and it is difficult to believe that he was transferring, on dissolution, to Sukhdial also his exclusive rights in the trade marks. In Kerly's Law of Trade Marks and Trade Names, Ninth Edition, law in this respect is stated at page 245 a", follows:

CONVERSELY, it was held that the sale and transfer of the goodwill of a business assigned the trade marks used in the business to the purchaser and transferee by implication, and without any express grant being needed but it was a question of intention, to be gathered from the assignment as a whole. Whether the trade marks did or did not, pass, and an intention not to assign them might appear, notwithstanding the use of the word "goodwill" in the assignment. A difficult question of fact may arise in considering whether under particular circumstances a person has purchased the right to represent that he is the successor in business of another.

It will, Therefore, appear that the whole question is a question of intention to be gathered from the assignment as a whole. It seems to us that on an interpretation of the documents, it is not possible to accept the contention of the respondents that they had purchased the proprietary rights of Haji Ehsan Elahi in the trade mark and they had, Therefore, title to sue the defendants-appellants for passing off their goods as the goods of the plaintiffs-respondents. At this stage, it may be borne in mind that the whole case of the plaintiffs-respondents

is that the trade mark and goodwill of Haji Shamsul Haq and Sons became the property of the partnership. It is said that the firm "Sukhdial and Co." was dissolved on January 24, 1948 and rights to use the trade marks including the trade mark "Sun Brand Hair Dye 929" were taken over by Sukhdial for consideration from Haji Ehsan Elahi. It was further averred in the plaint that the trade mark in question became the exclusive property of Sukhdial. This is specifically stated in paragraphs 4 and 5 of the plaint. We are of the opinion that the plaintiffs-respondents have failed to prove this part of their case. We, Therefore, hold that the plaintiffs-respondents are not the transferees or assignees of Shamsul Haq and Sons.

(16) In the alternative it was argued by the learned counsel for the plaintiffs-respondents that if it be held that the plaintiffs are not the transferees of Shamsul Haq and Sons then also they have a right to the use of the trade mark as they are in any event prior user. The plaintiffs' case is in this respect that right from 1947 they have been using the trade mark and it was in 1959 that they noticed that the defendants had started manufacturing hair dye under the trade mark "Sun Brand Hair Dye 1919" and were passing off their goods as those of the plaintiffs. From the evidence it appears that the defendants were using this trade mark: "German Hair Dye 1919" also in the thirties of the present century. The relevant evidence on this aspect is the evidence of Dw 3 Mr. Anoop Singh. He has proved the following post cards which he had addressed to M/s. Pritam Singh Natha Singh and in which he had made enquiries regarding the price etc. of their product "German Hair Dye 1919". The post cards are Exhibits Dw 3/2 dated November 3, 1937 Dw 3/3 dated August 6, 1935, Dw 3/4 dated May 7, 1938 and Dw 3/5 dated January 25, 1940. Shri Rajpal, partner of the defendant-firm produced in evidence another post card Ex. Dw 5/4 dated October 25, 1935 which he received from a firm in Naushera in which price of the Suraj Brand 1919 Hair Dye was enquired. He also produced an old calendar of his firm for the year 1936-37 which is Ex. Dw 5/5. There is another letter on the record dated April 7, 1934 (Ex. Dw 5/1) which appears to have been written by some firm of Banno to M/s. Pritam Singh Natha Singh regarding an enquiry of Hair Dye Suraj No. 1919.

(17) From the various post cards and the calendar it appears that the defendants-appellants were selling the Hair Dye under the name "Sun Brand or Suraj Marka 1919" during the period from 1932 to 1940. The learned counsel for the plaintiffs-respondents, Therefore, argued that there is no evidence to show that the defendants used the trade mark during the period 1940 or April 1959 and it was claimed that the user of the trade mark in 1959 was dishonest. The plaintiffs-respondents cannot be permitted to argue the alternative case on the short ground that this case was never pleaded nor argued in the court below. The only plca with which the plaintiff came to the court was that they were the proprietor of the trade marks.

(18) It is common ground of the parties that the trade mark in question "Sun

Brand Hair Dye 929" has not so far been registered. The plaintiffs claim that their application for registration is still pending. The plaintiffs have, Therefore, brought the action of passing off. They cannot obviously sue for infringement of their trade mark which admittedly has not so far been registered. Now the plaintiffs in order to succeed in a passing off action have to satisfy certain conditions. The conditions which should be satisfied by the plaintiffs in order to succeed in a passing off action were set forth by Wynn-Parry, J. in the *Uncle Mac* case (1948) 65 Rpc 58 in the following terms:

IT is of the essence of an action for passing off to show, first, that there has been an invasion by the defendant of a proprietary right of the plaintiff in respect of which the plaintiff is entitled to protection, and secondly, that such invasion has resulted in damage or that it creates a real and tangible risk that damage will ensue. It is with the first part of that proposition that I am immediately concerned. It is established beyond argument that under the law of England a man is not entitled to exclusive proprietary rights in a fancy name in vacume; his right to protection in an action for passing off must depend on his showing that he enjoys a reputation in that name in respect of some profession or business that he carries on or in respect of some goods which he sells. Further, he must show that the acts of the defendant of which he complains have interfered or are calculated to interfere with the conduct of his profession, business, or selling goods, in the sense that those acts of the defendant have led or are calculated to lead the public to confuse the profession, business or goods of the plaintiff with the profession, business, or goods of the defendant....

In *Brestian v. Try* (1958) R.P.C. 161 Jenkins L. J. said:

"In an action such as this the plaintiff in order to succeed must show first that he has a proprietary interest in the name...and, secondly, that the adoption of name by the defendant brings about a tangible risk of damage whether in the form of diversion of customers or confusion of the plaintiff's and defendant's business or both. To that one must add that confusion in itself is held to import a sufficient risk or damage to maintain the action."

The two issues which call for determination in a passing off action are:

1. Whether the plaintiff has title to sue? 2. Whether the defendant has passed-off his goods as and turn the goods of the plaintiff?

(19) If the plaintiff is unable to establish that he has a proprietary right in the trade mark in question, then he will fail in the action. The plaintiff shall be entitled to an injunction against the defendant, only if he establishes that he has a property in the trade mark and that the defendant is guilty of passing off his goods as those of the plaintiff. As Kerr says: "The jurisdiction of the court in restraining by interlocutory injunction the passing off by one man of his own goods as being the goods of another and the piracy of trade marks and trade names, is in aid of the legal right and is founded on the equity of protecting property from irreparable damage. The principles upon which the Court interferes

in such cases are the same as those upon which it acts in other cases in protecting legal rights to property from violation." (Kerr on Injunctions, Sixth Edition 335).

(20) "THE gist of the conception of passing off is that the goods are in effect telling a falsehood about themselves, are saying something about themselves which is calculated to mislead. The law on this matter is designed to protect traders against that form of unfair competition which consists in oneself ,, by means of false or misleading devices, the benefit of the reputation already achieved by rival traders." (Salmond on the law of torts Twelfth Edition, P. 659). Salmond described the true basis of the passing off action in the following words:

THE courts have wavered between two conceptions of a passing off action-as a remedy for the invasion of a quasi proprietary right in a trade name or trade mark, and as a remedy, analogous to the action on the case for deceit, for invasion of the personal right not to be injured by fraudulent competition. It has recently been said that "the true basis of the action is that the passing off... injures the right of property in the plaintiff, that right of property being his right to the good will of his business". In general the violation of a right to property is actionable, even though it is innocent and though no damage has been proved. At common law it was necessary to prove an "actual fraudulent intention, but a different view was taken in equity, and since the Judicature Acts it has been generally accepted that it is not necessary in an action for passing off to prove fraud-that is to say, an intent to deceive. It is sufficient in all cases to prove that the practice complained of is calculated (that is to say, likely) to deceive.

(21) The general principle upon which the Courts exercise jurisdiction in the case of trade marks has been stated in the following terms by Bacon V.C. in *Ransome v. Graham* (1882) 51 L.J. Ch. 897

A manufacture who produces an article of merchandise which he announces as one of public utility, and who places upon it a mark, by which it is distinguished from all other articles of a similar kind, with the intention that it may be known to be of his manufacture, becomes the exclusive owner of that which is thenceforth called his trade mark. By the law of this country, and the like law prevails in most other civilised countries, he obtains a property in the mark which he so affixes to his goods. The property thus acquired by the manufacturer, like all other property, is under the protection of the law, and for the invasion of the right of the owner of such property the law affords a remedy similar in all respects to that by which the possession and enjoyment of all property is secured to the owners.

(22) In England since the decision of Lord Cottenham L.C. in *Millington v. Fox* (1838) 40 E.R. 956 right to trade mark has been regarded as a proprietary right. The decision of Lord Cottenham L.C. formed "the first link in a chain of equity decisions that a right of property exists in a trade mark, although there has been much debate as to its exact nature." Winfield on torts (1967) 8 Ed 565

expresses the view that the basis of the proceedings for "passing off" is the protection of rights of property affecting the plaintiff's trade.

(23) The basis of the action of passing off seems to be that it is wrongful to appropriate a valuable asset of the plaintiff. The courts have interfered by injunction to restrain the irreparable injury done to the plaintiff's property. The courts have freely said that trade interests are "property". For example, in *J. Lyons & Co. v. Wilkins*, (1896) 1 Ch. 811 where the defendant had been unlawfully picketing the plaintiff's works, Lindley, L. J. said:

THIS is obviously a case in which a man's property, his trade, his livelihood, and the goodwill of his business will be absolutely ruined if what is complained of is not peremptorily stopped; and according to the well-known principles by which the Court of Chancery has been guided, it is a case in which a person's property and trade are so interfered with that he may come to the court for the protection which an injunction affords him.

In *Draper v. Trist and others*, (1939) 3 All ER 513 Goddard, L. J. said at page 528:

IN passing off cases, however, the true basis of the action is that the passing off by the defendant of his goods as the goods of the plaintiff injures the right of property in the plaintiff, that right of property being his right to the goodwill of his business.

(24) It is now well settled that proof of fraud is unnecessary, whether the relief asked for be an injunction or damages. It is sufficient that the offending trade mark is calculated or likely to invade the proprietary right. In 1957 R.P.C. 388 (*T. Oertii Ag. v. E. J. Bowman (London) Ltd. Page W & Coy. (Turmix sales) Ltd. H.G.H. Frans- worth S. S. Parness and F. A. Marlow*) (9) Jenkins L. J. at page 397 observed.-

"WE emphasise that his appeal is concerned solely with passing off and not with the infringement of Trade Mark or Patent rights. It is, of course, essential to the success of any claim in respect of passing off based on the use of a given mark or get up that the plaintiff should be able to show that the disputed mark or get up has become by user in this country distinctive of the plaintiff's goods so that the use in relation to any goods of the kind dealt in by the plaintiff or that mark or get up will be understood by the trade and the public in this country as meaning that the goods are the plaintiff's goods. The gist of the action is that the plaintiff, by using and making known the mark or get up in relation to his goods, and thus causing it to be associated or identified with those goods, has acquired a quasi-proprietary right to the exclusive use of the mark or get up in relation to goods of that kind, which right is invaded by any person who, by using the same or some deceptively similar mark or get up in relation to goods not of the plaintiff's manufacture, induces customers to buy from him goods not of the plaintiff's manufacture as goods of the plaintiff's manufacture, thereby diverting to himself orders intended for and rightfully belonging to the plaintiff."

(25) In *Bollinger v. Costa Brava Wine Co.* (1961) 1 W.L.R. 27 the champagne producers of France sought an injunction to prevent the defendants from marketing their sparkling wine under the name "Spanish Champagne". Danckerts, J. said:

THERE seems to be no reason why such license should be given to a person, competing in trade, who seeks to attach to his product a name or description with which it has no natural association so as to make use of the reputation and goodwill which has been gained by a product genuinely indicated by the name or description. In my view, it ought not to matter that the persons truly entitled to describe their goods by the name and description are a class producing goods in a certain locality, and not merely one individual. The description is part of their goodwill and a right of property. I do not believe that the law of passing off, which arose to prevent unfair trading, is so limited in scope.... (1960) 1 Ch. 262. The injunction was granted. "This is dishonest trading.... (1961) 1 W.L.R. 277.

(26) Danckerts, J. expressed the view that a passing-off action protected the proprietary right of a trader in its goods.

(27) In *A.C. Spalding & Bros. v. A.W. Gamage Ltd.* 1955 (32) R. P.C. 273, Lord Parker observed as follows:

THERE appears to be considerable diversity of opinion as to the nature of the right, the invasion of which is the subject of what are known as passing-off actions. The more general opinion appears to be that the right is a right of property. This view naturally demands an answer to the question-property in what? Some authorities may have property in the mark, name or get up improperly used by the defendant. Others say, property in the business or goodwill likely to be injured by the misrepresentation. Lord Herschell in *Hedderley v. Bayham* (1896) A.C. 199, expressly dissents from the former view; and if the right invaded is a right of property at all, there are, I think, strong reasons for preferring the latter view.

(28) The specific Relief Act (Act I of 1877) declared that for the purpose of Section 54 which dealt with the subject of perpetual injunctions, a trade mark is property. Illustration (w) to S. 54 of the old Act is as follows :

A person properly uses the trade mark of B. B may obtain an injunction to restrain the user, provided that because of the trade mark is honest.

(29) An action in passing-off seeks to protect only the plaintiff's proprietary right in his goodwill. The object is to prevent dishonest trading. By freeing the tort from any requirement of actual damage and intention to injure, the law created an effective instrument of economic regulation, in response to an undoubted need for stronger legal weapons to combat commercial misrepresentation (Fleming on torts, 4th Edition, at page 627).

(30) It will thus appear that the law of trade marks deals with a right of property and to that extent the law of trade has been assimilated with the law of property.

(31) We are dealing with an action for passing-off. In the tort of passing-off the conceptual device is to find a ""property right" in the plaintiff which has been infringed. It is true that it has been described as an action in deceit or a form of injuries falsehood or fake representation. But it seems that this tort is much wider in character. Passing off is a form of unfair competition. Remedy against unfair competition is afforded by special statutes. Various forms of industrial property registered trade marks, patents, copyrights, designs and the like have been very strongly protected by the Legislature. Similarly, an unregistered mark or name or a trade are also protected.

(32) It is well established that he who comes into equity must come with clean hands. This applies strongly to parties seeking relief against the infringement of trade marks or in passing off action and against unfair competition. One seeking relief against the fraud of others must be free from fraud. An exclusive privilege for deceiving the public is assuredly act one that a Court of sanction .. Accordingly, it is essential that the plaintiff should not be in his trade mark or in his advertisements and business himself guilty of any false or misleading misrepresentation; that if the plaintiff makes any material false statement in connection with the property, which he seeks to protect, he loses his right to the assistance of a Court of Equity; Thus, where any sample or liable claimed as a trade mark is so constructed or worded as to make or contain a distinct assertion which is false, no property can be claimed on it, or in other words the right to the exclusive use of it cannot be maintained.

(33) The interference of the Court by injunction was founded principles .. The plaintiff who in other respects would be entitled to obtain remedy against an infringer, may yet be deprived of his right by a reason of fraudulent statement contained in his own trade mark.

(34) In India there was prior to 1940 no statute for registering the trade marks. The right to passing-off action which a person possessed has not been affected by the Trade Marks Act, 1958. Sub-section (2) of Section 27 of the Act lays down that "nothing in this Act shall be deemed to affect rights of action against any person for passing-off goods as the goods of another person or the remedies in respect of thereof."

(35) It seems that the plaintiffs cannot claim to have any right in the trade mark in question. We have already held that the defendants were also using this trade mark from at least 1930 to 1940, as has been established in evidence. If this is so, the plaintiffs cannot complain of any invasion of their right as they have no right in property. In theory a technical trade mark like a patent right is a species of property and when it is invaded or appropriated, the owner thereof is not only entitled to protection from further trespass, but to the recovery of profits issuing there from as incident to and a part of his proprietary right.

(36) What we find in this case is that there is no proprietary right in the plaintiffs as they themselves appear to have been guilty of commercial piracy. The

plaintiffs have for all practical purposes adopted the trade mark of Haji Shamsul Haq without having any right thereto. They have appropriated the said trade mark to their use and are purporting to sell the hair dye under the name of "Sukhdial & Sons". Sukhdial & Sons are neither the originators, nor the owners, nor the assigned of the trade mark as has been held by us in the earlier part of this judgment.

(37) It appears to us that Anwarul Haq was the originator and inventor of this trade mark and Haji Shamsul Haq and Sons were the proprietors of the trade mark. If this is so, the plaintiffs and defendants both are infringers and one cannot claim a better title to the user by the plaintiffs is honest. The plaintiffs claims to the exclusive use of the pirated mark will not be protected by the court by grant of injunction.

(38) Haji Ehsan Elahi was examined on commission in Karachi in this case during the course of trial on interrogatories. The following questions were put to him:

20. Please look at one of their cartons I see Ex. 2 and say that M/s. Prina and say if they are the originators of Chemical are not the originators this mark and design? but they are imitators. 21. Their claim is that they have been They used this trade mark probausing the above said trade mark "Sun bly in those days and a case Brand Hair Dye" under the label men- was filed by us against them in tioned above since 1930. Is it correct? Howra court. 23. Did the offending mark carton of the The offending mark came to our said party come to your notice at any notice and we filed a case in Howra Court, time before? If so when? And did you I do not remember the year take any action against them." when the case was filed.

(39) On the basis of these two answers, the learned counsel for the appellants argued that assuming for the sake of arguments that the plaintiffs-respondents are the successors-in-interest of Haji Shamsul Haq and sons even then they cannot succeed as the suit is barred by reason of delay, acquiescence, laches and abandonment. From these two answers it appears that Haji Ehsan Elahi was the proprietor and the defendants were the infringers and imitators of his mark and he brought an action against them in the Howra court. There is nothing on the record to show as to what happened to that suit. It appears that notwithstanding the action, the defendants continued to use the trade mark at least upto 1940 as has been clearly established on the record and the plaintiff's predecessor in-interest waived his right to sue for impugment. As observed in 1958 R.P.C. 335 (Cluett Peabody & Coy. Inc. v. McIntyre Hogg Marsh and Coy. Ltd.) (12):

NEVERTHELESS, while falling short of estoppel, in my judgment the behavior of the plaintiffs, coupled with the very long delay, really amounted to an acknowledgement by them of the Defendants' right to continue the use of their (the defendants') marks, and to a waiver of the plaintiff's right to sue for infringement by such continued user. I accept the Defendants' submission that

really the course of conduct between the parties showed a mutual policy of restrains to one another, or, putting it more colloquially, a mutual agreement to live and let live.

(40) In view of the answers given by Haji Ehsan Elahi it appears to us that the suit must fail by reason of laches and delay and the plaintiffs are estopped from bringing the action.

(41) In the result, the appeal is allowed and the judgment of the trial Court is set aside. In the circumstances, we, however, leave the parties to bear their own costs.