
(2003) 09 AHC CK 0239
In the Allahabad High Court
Case No : F.A.F.O. No. 101 of 2003

Smt. Jamilun-Nisha

APPELLANT

Vs

Ishhaq Ahmad alias Raju and Another

RESPONDENT

Date of Decision : 05-09-2003

Acts Referred:

Civil Procedure Code, 1908 (CPC) — Order 39 Rule 1, Order 39 Rule 2

Citation : (2003) 4 AWC 3222

Hon'ble Judges : Rajes Kumar, J

Bench : Single Bench

Advocate : Ravi Kant and A. Srivastava, for the Appellant; K.M. Tripathi and K.K. Shukla, for the Respondent

Final Decision : Dismissed

Judgement

Rajes Kumar, J.—The present appeal is directed against the order dated 9.10.2002 passed by Additional District Judge, Court No. 2, Gorakhpur in Original Suit No. 1 of 2002 by which the Additional District Judge, has refused to grant injunction against the respondent in favour of appellant.

2. Brief facts of the case are that the appellant has filed a suit for permanent injunction restraining the defendant-respondent, their servants, agents, dealers, representation and all others acting for and on behalf of the defendant from using trade mark "Madam" and reproducing any of the artistic features of the plaintiffs label filed with the plaint and marked as "A" under the Copyright Act, 1957 under title "Madam" including the design, get up, lay out, placement, colour combination etc. And from using the impugned label/packing amount to infringement of the plaintiff's copyright under title Madam under the Copyright Act, 1957.

3. The admitted case of the plaintiff appellant is that he was carrying on business of manufacturing and sale of nail polish under the name and style of "Madam" and in respect of the design, layout, colour placement, registered under the

Copyright Act, 1957. It is claimed that the business is being carried on since 1999. It is alleged that the appellant has filed application for the registration of "Madam" label trade mark No. 872280 in class 3 on 19.8.1999 under the provision of Trade and Merchandise Marks Act, 1958. The said application is still pending. It is also claimed that the appellant has got the registration under the Copyright Act on 8.11.2001. The appellant has also contended that the disputed design of label and trade mark, was prepared by Mr. Lokesh Vij of Jawahar Printing Press, 11033, Gali Peepal Wali, Motia Khawa, Delhi 110065. The appellant is carrying on business in the name of "Madam" w.e.f. 1.1.2002. It is submitted that in the year 1999-2000 turnover at Rs. 63,510, in 2000-2001 at Rs. 82,380 and in the year 2001-2002 turnover at Rs. 1,15,220 was disclosed. It is alleged that the defendant respondent is illegally selling the similar product, nail polish, using the label and packing of the similar trade mark and design which the appellant is using, therefore, the appellant prayed for permanent injunction against defendant respondent from using the trade mark "Madam" and the design etc. The respondent defendant filed written statement. In the written statement it has been contended that they were carrying on business of nail polish in the name of "Madam" at Sadipuram Karol Bagh, New Delhi since 1982 and for which registered under the Drugs and Cosmetics Act, 1940 and hold the license No. 1110820 under the said Act. They are also registered under the Sales Tax Act. It is contended that since 1985 and prior to 26.7.1988 it was holding a licence for manufacturing of nail polish in the name of Lady Club and Shelco which was surrendered and in 1988 has taken permission for selling Nail Polish in the name of "Madam". The said licence was renewed by Drugs Controller by letter dated 12.8.1988 which is valid up to 2006. It has been further stated that since 1992 they were carrying on business of manufacturing and sales of nail polish in the name of "Madam". It is also stated that they have moved an application dated 8.3.2002 for registration of trade mark. Photocopy of the trade mark register has also been filed as Annexure-4 to the affidavit before the court below. Defendant respondent has also prayed that the plaintiff be restrained from using label bearing "Madam". The defendant has also filed an affidavit which is letter No. 32-Ga along with Annexures-1 to 4. A list No. 35-GA along with documents relating to Drugs Licence No. 329/82 which was renewed time to time was also filed. Vide paper No. 37-G the sale Bills for the period from 3.8.1990 to 18.7.1994 was filed by which the nail polish in the name of "Madam" was sold. Further by paper No. 38G/IT, the counter-foil of the sale for the period 1991 to 2000 was filed.

4. On the basis of the material on record, the trial court observed that the plaintiff was selling nail polish in the name of "Madam" since 20.8.1999 which was changed on 1.1.2002 and in respect of which the application was given on 25.1.2002. It has been observed that the permanent injunction was sought in respect of the design and trade mark which is paper No. 31G. The trial court observed that the application moved by the plaintiff for the registration of the trade mark under the Trade and Merchandise Marks Act, 1958 which is filed on

25.1.2002 and for the registration application certificates No. 57337, dated 27.3.2002 is pending. The court below observed that the plaintiff is using the disputed label "Madam" from 1.1.2002 for which the application was moved on 25.1.2002 and which is registered on 27.3.2002 and is still pending for consideration. The court below also observed that the label in respect of which the registration under the trade mark has been sought is entirely different than the label used since in 1999. Court below observed that prima facie it appears that monogram in the name of "Madam" which was used in 1999 was changed and the different monogram Annexure-8 has been produced in which in the place of B.K., Bee Key is mentioned and admittedly before the Registrar under the Trade and Merchandise Marks Act, 1958 is pending. It has also been observed that the application before the Registrar which was filed on 8.1.2002 is pending. The court below has further observed that the defendant respondent using the label in which manufacturing licence No. 329, New Delhi is printed it was issued on 1988 by Licence Drugs Controller in which trade mark "Madam" was used and for permission for adding "Madam" name has also been sought and the said licence was renewed upto the period 2006. In the circumstances, the Court below found that the application of both the parties under the Trade and Merchandise Marks Act are pending and the application of the plaintiff is of a later date than the application of the defendant respondent. The court below found that the prima facie on the basis of the material on record it can be inferred that the defendant was manufacturing and was carrying on business from 12.8.1988 and for which using "Madam". With regard to the infringement of right under the Copyright Act, court below has held that in view of proviso of Section 45(1) of the Copyright Act, it is necessary that along with application for registration under the Copyright Act, the certificate of registration issued under Trade and Merchandise Marks Act is to be enclosed otherwise the application is treated as premature and as the application under the Trade and Merchandise Marks Act is still pending, the plaintiff could not get any right under the Copyright Act. Keeping in view the fact that the defendant respondent was carrying on business since 1982 and having licence since 1988 under the Drugs and Cosmetics Act and had a permission to manufacture and sale the product in the name of "Madam" since 1988 and the sales bills from the year 1991 to 1992 shows that the defendant-responent was selling product in the name of "Madam" since long than the business being carried on by the plaintiff-appellant, the court below did not find any justification in granting the interim injunction against the defendant-responent.

5. Heard Sri Ravi Kant, learned senior advocate assisted by Sri Arvind Kumar Srivastava and Sri K.M. Tripathi learned counsel for the respondent.

6. The submission of learned counsel for the appellant is that in respect of the design, artistic feature which consist of the nail polish "Madam" the applicant was registered under Copyright Act and, therefore, had a right to use the said design and the name and style of their product and for any infringement of the right of the use of the design, the appellant has a right to file a suit and to get a

permanent injunction u/s 55 for using the same design and name against the other person. He further stated that no evidence was filed by the defendant-respondent to prove that the particular design in respect of which they are seeking injunction have been used by the defendant since long period to the use by the appellant, though it has not been disputed that the defendant was selling its product nail polish in the name of "Madam" since long prior to 1999. He submitted that his claim of permanent injunction is for using of a particular design which is at pages 60 and 62 enclosed as Annexure-4 having a right being registered under the Copyright Act.

7. During the course of argument in reply to the query it has been admitted that the design of the label which is at page 54 of the appeal is registered under Copyright Act as per the extract of the register of the copy right filed as Annexure-3 and in respect of the design which is Annexure-4, the application under the Copy Right Act is pending and the registration in respect of such design has not been issued. However, learned counsel for the appellant contended that unless the respondent defendant proves by adducing evidences that he was using the disputed label of the disputed design prior to the use by the appellant merely because he was carrying on business of manufacture and sale of nail polish and using the trademark "Madam" since 1988 cannot get a right to use the label having the disputed design. In the circumstances, he prayed that interim injunction be issued restraining the defendant respondent to use the disputed label and disputed design. In support of the contention, learned counsel for the appellant has cited various decisions of the Hon'ble Supreme Court in Uniply Industries Ltd. Vs. Unicorn Plywood Pvt. Ltd. and Others,

8. Learned counsel for the respondent submitted that the order passed by the court below rejecting the application for interim injunction is justified. He submitted that on the facts, court below found that the defendant respondent was manufacturing nail polish since 1982 and has taken the permission in 1988 for selling nail polish in the name of "Madam" he further stated that the sale bills filed before the court below shows that since 1990 the appellant was selling nail polish in the brand name of "Madam". He further submitted that the appellant is registered under the Copyright Act only in respect of the design and name of the label annexed at page 54 which is part of the certificate issued u/s 45(1) of the Copyright Act and which is part of the extract of the Registrar of the Copyright dated 8.11.2001. He submitted that in respect of the disputed label having the design and name the appellant is not registered under the Copyright Act. He submitted in respect of disputed label the application of the appellant and the defendant respondent are pending before the Registrar, under the Trade and Merchandise Marks Act, 1958 and unless the certificate under the said Act is not enclosed the registration under the Copyright Act cannot be issued. He submitted that in view of the circumstances, which is born out of the record and which is also found by the court below the respondent defendant is using the "Madam" trade name much before the appellant started its business of manufacturing and sale of nail polish and hence the appellant is not entitled for any injunction

against the respondent defendant.

9. Having heard learned counsel for the appellant and perused the order of the court below, I am of the view that there is no infirmity in the order passed by the court below. Admittedly, the defendant respondent was carrying on business of manufacture and sale of nail polish since 1982 in respect of which they have licence under the Drugs Control Act and also registration under the Sales Tax Act. In 1988 they have also got a permission to sell their product under the "Madam" name. The various sale bills also shows that the nail polish was sold in the name of "Madam". To the contrary, no evidence have been adduced by the appellant respondent. The argument of learned counsel for the appellant has no force that it has not been established that the disputed label and design was being used by the defendant respondent prior to 1999. When it is not disputed that the appellant was selling its nail polish in the brand name "Madam" the presumption about the use of the disputed sign since 1988 would be in term of defendant unless contrary is proved. However, this aspect of the matter is subject to the final decision and, therefore, no final opinion is being expressed by this Court in this regard. It is also pertinent to state that in respect of the disputed label and design, the appellant was not registered under the Copyright Act and, therefore, the entire argument relating to the infringement of the right of Copyright Act has no leg to stand.

10. In the case of Cadila Health Care Ltd. v. Cadila Pharmaceuticals Ltd. 2001 PTC 300, the Hon"ble Supreme Court has observed as follows :

"Under Section 28 of the Trade and Merchandise Marks Act on the registration of a trade mark in Part-A or B of the register, a registered proprietor gets an exclusive right to use the trade mark in relation to the goods in respect of which trademark is registered and to obtain relief in respect of infringement of the trade mark in the manner provided by the Act. In the case of an unregistered trade mark, Section 27(1) provides that no person shall be entitled to institute any proceeding to prevent, or to recover damages for, the infringement of an unregistered trade mark, Sub-section (2) of Section 27 provides that the Act shall not 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 thereof. In other words in the cases of unregistered trade marks a passing off action is maintainable. The passing off action depends upon the principle that nobody has a right to represent his goods as the goods of some body. In other words a man is not to sell his goods or services under the pretence that they are those of another person. As per Lord Diplock in Erwen Warhnink B.V. v. J. Townend and Sons 1979 (2) AER 927, the modern tort of passing off has five elements, i.e., (1) a misrepresentation ; (2) made by a trader in the course of trade : (3) to prospective customers of his or ultimate consumers of goods of services supplied by him ; (4) which is calculated to injure the business or goodwill of another trade (in the sense that this is a reasonably foreseeable consequence) and ; (5) which causes actual damage to a business or goodwill of the trader by whom the

action is brought or (in a quia timer action) will probably do so.

While examining such cases in India, what has to be kept in mind is the purchaser of such goods in India who may have absolutely no knowledge of English language or of the language in which the trade mark is written and to whom different words with slight difference in spelling may sound phonetically the same. While dealing with cases relating to passing off, one of the important tests which has to be applied in each case is whether the misrepresentation made by the defendant is of such a nature as is likely to cause an ordinary consumer to confuse one product for another due to similarity of marks and other surrounding factors. What is likely to cause confusion would vary from case to case.

Broadly stated in an action for passing off on the basis of unregistered trade mark generally for deciding the question of deceptive similarity the following factors to be considered :

- (a) The nature of the marks, i.e., whether the marks are word marks or label marks or composite marks, i.e., both words and label works.
- (b) The degree of resemblance between the marks, phonetically similar and hence similar in idea.
- (c) The nature of the goods in respect of which they are used as trade marks.
- (d) The similarity in the nature, character and performance of the goods of the rival traders.
- (e) The class of purchasers who are likely to buy the goods bearing the marks they require, on their education and intelligence and a degree of care they are likely, to exercise in purchasing and/or using the goods.
- (f) The mode of purchasing the goods or placing orders for the goods, and
- (g) Any other surrounding circumstances which may be relevant in the extent of dissimilarity between the competing marks.

Weightage to be given to each of the aforesaid factors depends upon facts of, each case and the same weightage cannot be given to each factor in every case."

11. In the cases of F. Hoffmann-la Roche and Co. Ltd. Vs. Geoffrey Manner and Co. Pvt. Ltd., the Hon"ble Supreme Court observed as follows :

"In Parker Knoll Ltd. v. Knoll International Ltd. 1862 RPC 265, at page 274, Lord Denning explained the words "to deceive" and the phrase "to cause confusion" as follows :

"Secondly, "to deceive" is one thing. To "cause confusion" is another. The difference is this : When you deceive a man, you tell him a lie. You make a false representation to him and thereby cause him to believe a thing to be true which is false. You may not do it knowingly, or intentionally, but still you do it, and so

you deceive him. But you may cause confusion without telling him without making any false representation to him. You may indeed tell him the truth, the whole truth and nothing but the truth, but still you may cause confusion in his mind, not by any fault of yours but because he has not the knowledge or ability to distinguish it from the other pieces of truth known to him or because he may not even take the trouble to do so. The tests for comparison of the two word marks were formulated by Lord Parker in Pianotist Co., Ltd."s application (1906) 23 RPC 774 at 777 as follows :

"You must take the two words. You must judge of them, both by their look and by their sound. You must consider the goods to which they are to be applied. You must consider the nature and kind of customer who would be likely to buy those goods. In fact, you must consider all the surrounding circumstances, and you must, further consider what is likely to happen if each of those trademarks is used in a normal way as a trade mark for the goods of the respective owners of the marks. If, considering all those circumstances, you come to the conclusion that there will be a confusion that is to say, not necessarily that one man will be injured and the other will gain illicit benefit, but that there will be a confusion in the mind of the public which will lead to confusion in the goods then you may refuse the registration or rather you must refuse the registration in that case."

It is necessary to apply both the visual and phonetic tests. In *Aristoc Ltd. v. Rysta Ltd.* 1945 RPC 65 at p. 72, the House of Lords was considering the resemblance between the two words "Aristoc" and "Rysta". The view taken was that considering the way the words were pronounced in English, the one was likely to be mistaken for the other. Viscount Maugham cited the following passage of Lord Justice Luxmoore in the Court of Appeal, which passage, he said, he completely accepted as the correct exposition of the law :

"The answer to the question whether the sound of one word resembles too nearly the sound of another so as to bring the former within the limits of Section 12 of the Trade Marks Act, 1938, must nearly always depend on first impression, for obviously a person who is familiar with the words will neither be deceived nor confused. It is the person who only knows the one word and has perhaps an imperfect recollection of it who is likely to be deceived or confused. Little assistance, therefore, is to be obtained from a meticulous comparison of the two words, letter by letter and syllable by syllable, pronounced with the clarity to be expected from a teacher of elocution. The Court must be careful to make allowance for imperfect recollection and the effect of careless pronunciation and speech on the part not only of the person seeking to buy under the trade description, but also of the shop assistant ministering to that person's wants."

It is also important that the marks must be compared as a whole. It is not right to take a portion of the word and say that because that portion of the word differs from the corresponding portion of the word in the other case there is no sufficient similarity to cause confusion. The true test is whether the totality of the proposed trade mark is such that it is likely to cause deception or confusion or

mistake in the minds of persons accustomed to the existing trade mark. Thus, in *Lavroma case, Tokalon Ltd. v. Davidson and Co.*, 32 RPC 133 at p. 136, Lord Johnston said :

".....we are not bound to scan the words as we would in a question of *comparatio literarum*. It is not a matter for microscopic inspection, but to be taken from the general and even casual point of view of a customer walking into a shop."

12. In the case of *B.K. Engineering Company, Delhi v. U.B.H.I. Enterprises (Regd.) Ludhiana and Anr.* AIR 1985 Del 210, the Division Bench of Delhi High Court observed as follows :

"Para 11. The passing off action arose in the nineteenth century and depends upon the simple principle that "no body has any right to represent his goods as the goods of somebody else" *Reddaway v. Banham* (1896) AC 199 at 204 per Lord Halsbury. In other words, a man is not to sell his goods or his services under the pretence that they are those of another man. *Perry v. Truefitt* (1842) 49 ER 749, per Lord Langdale M.R. This is the classic form of passing off. Now this tort has been extended in the leading case of *Erven Warnink v. Townend and Sons.* (1979) 2 All ER 927. Lord Diplock said that "what the law protects by a passing off action is a trader's property in his business or goodwill (p. 932). Following Lord Parker in *A.G. Spalding v. A.W. Gamage Ltd.* (1915) 32 RPC 273, he said that the right the invasion of which is the subject of passing off actions is "the property in the business or goodwill likely to be injured by the misrepresentation". The false suggestion by the defendant that his business is connected with the plaintiffs" would damage the reputation and thus the goodwill of the plaintiffs business.

Para 12. The modern tort of passing off has five elements : (1) a misrepresentation ; (2) made by a trader in the course of trade ; (3) to prospective customers of his or ultimate consumers of goods or services supplied by him ; (4) which is calculated to injure the business or goodwill of another trader (in the sense that this is a reasonably foreseeable consequence) ; and (5) which causes actual damage to a business or goodwill of the trader by whom the action is brought *Erven Warnink* (1979) 2 All ER 927 (*supra*) at 932-933 per Lord Diplock.

Para 13. The law on this matter is designed to protect traders against that form of unfair competition which consists in acquiring for oneself, by means of false and misleading devices, the benefit of the reputation already achieved by a rival trader. The defendant seeks to acquire this benefit by passing off his goods as and for the goods of the plaintiff.

Para 23. Passing off may take many form. With the changes in the technology of the trade infinite varieties of passing off will spring up. Radio, television and newspaper advertising have added a new dimension to this tort. The crux of the matter is not the intention of the defendant in taking a certain name, but the

probable effect of such action on the minds of the public. However, innocent may be his intentions, he will be restrained from trading under name so much like that under which the plaintiff who was first in the field trades that the public, are very likely to be deceived into systematic, and not merely occasional, confusion. *Hendriks v. Montagu*. (1881) 17 Ch. D. 638 ; *Society of Motor Manufacturers v. Motor Manufacturer's Ins. Co.* (1925) Ch. 675, this is the essence of passing off.

Para 26. 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 goodwill of his business *Cadbury* (1981) 1 All ER 213 (supra) at p. 221. The plaintiff is entitled to protect the goodwill in his business. Equity will intervene to protect the goodwill. Injunction is an equitable remedy. This doctrine now has the blessing of the House of Lords in *Erwen Warmink v. Townend* (1979) 2 All ER 927 (supra), and of the Privy Council in *Cadbury Schweppes v. Pub. Squash Co.* (supra) and *Star Industrial Co. Ltd. v. Yap Kwee Kor* (1976) FSR 256. The right the invasion of which is the subject of passing off actions is said to be the property of business or goodwill likely to be injured by misrepresentation. "Goodwill is the attractive force which brings in custom. And if one steals goodwill one steals custom. *Trego v. Hunt* (1896) AC 7 , per Lord Macnaghten *Romer L.J.*, pointed out in *Samuelson v. Producers Distributing Co. Ltd.* (1932) 1 CHN 201 at p. 210, that injunctions restraining "classic" passing off were instances of a much wider principle, namely, that equity will always restrain irreparable injury to the plaintiffs property.

What the Judge has to decide in a passing off action is whether the public at large is likely to be deceived. What would be the effect of the representation upon the prospective purchaser.....*Brava Wine Co. Ltd.* (1959) 3 All ER 800 (Champagne case), *Vine Products Ltd, v. Mackenzie and Co. Ltd.* (1969) 1 RPC 1 ("Sherry case) ; *John Walker and Sons Ltd. v. Henry Ost and Co.* (1970) 2 All ER 106 (Scotch Whisky case). In *Bollinger's* case, *Dankwerts, J.* at p. 805 said that law in this respect has been concerned with unfair competition between traders rather than with the deception of the public which may be caused by the defendant's conduct. The right of action known as a passing off action is not an action brought by the member of the public who is deceived but the trader whose trade is likely to suffer from the deception practiced on the public but who is not himself deceived at all. Wine cases were approved by the House of Lords in *Warnink v. Townend.* (1979) 2 All ER 927 (supra). Privy Council in *Cadbury*, (1981) 1 All ER 213 (supra) referred to American and Australian decisions and propounded the doctrine of unfair competition, as we have seen. From the classic form to the modern tort of passing off the law has moved on. I would use of the law the words Galileo used of the earth : "But it does move". The law has changed because of the development of new business techniques and new trading devices. One country alone may start the process. Others may follow. At first a trickle, then a stream, last a flood. We should not be left behind on the bank". We must take the current when it serves, or lose our ventures" : Julius Caesar, Act IV, S.C. III."

Para 42. The question at this stage is only of a temporary injunction. For that purpose the misrepresentation complained of is certainly of such a nature as to give rise to a strong probability of confusion in the minds of the purchasing public. I refrain from amplifying this point so as not to prejudice any question which may arise as to damages or permanent injunction. It is sufficient to say that the misrepresentation being *prima facie* established, being in its nature calculated to deceive, the plaintiffs are entitled to a temporary Injunction. The gist of the plaintiffs complaint is that their trade name, their house mark and being invaded. On the invasion of their right to property in the goodwill and business reputation they found their claim. In my opinion, nothing in arguments has been shown to me to displace the plaintiffs' *prima facie* right to relief."

Para 45. It is not necessary to prove that any members of the public were deceived. As action will lie where it is to be expected that in due course the act of the defendant would be calculated to cause confusion in the minds of the purchasing public *Draper v. Trist* (1939) All ER 513 (CA).

Restatement of the Law ; A summary.

Para 46. Lord Parker in *A. G. Spalding* (1915) 32 RPC 273 (*supra*), showed that in a passing off action the right in question is a right to property. A plaintiff complains of the invasion of this right to property. The property is the business or goodwill likely to be injured by misrepresentation. If the mark is distinctive of the plaintiffs goods in the eyes of the public or a class of the public any misrepresentation is likely to deceive the ultimate customer. Property is not in the mark ; name or get up improperly used by the defendants. But the property is in business or goodwill likely to be injured by misrepresentation. The foundation of the modern tort of passing off is the infringement of the right to property. A plaintiff can say that the defendant is infringing his name which is distinctive of his goods. A mistake of that name is hardly consistent with fair or honest trading, as Lord Parker said. The same emphasis was laid by Lord Diplock when he spoke of commercial honesty" *Warnink v. Townend* (1979) 2 All BR 927 at p. 933 (*supra*) and Lord Fraser of business morality." (at p. 944)."

13. In case of *Uniply Industries Ltd. Vs. Unicorn Plywood Pvt. Ltd. and Others*, Court held as follows :

"Para 6. Considering the nature of pleadings in the two suits filed by the parties, it is clear that there is common field of activity between the two parties in respect of goods and trade marks sought to be used by either are identical. Hence, the decision in *Cadila* case and of similar context may not be of much use in this case. In as much as the areas of activity and the nature of goods dealt with or business carried on being Identical, and the trade marks being of similar nature the only question that needs to be decided is as to who is the prior user. In deciding this question, the High Court relied upon (1) Advertisement made by the respondents ; (2) Invoices, and (3) letters of dealers.

Para 7. It is no doubt true that advertisement of goods had been made by the

respondents in 1993 itself, whether that was followed up by goods being dealt with the trademarks in question is not clear as is to be seen by the following discussion :

So far as the invoices are concerned, it is not very clear from the same that they were in relation to goods containing the trade marks in question because there is no mention of any particular trade mark in the same and may be they pertain to such goods, but this is a fact which is yet to be established by placing proper material before the Court. So far as the declaration made before the Excise Authorities are concerned, the High Court itself found the material to be dubious. The letters issued by the dealers are both in favour of the appellant and the respondents. In this state of materials the courts below should have been wary and cautious in granting an Injunction which would affect the trade and business of another person using an identical trade mark. Both the appellant and the respondents have applied for registration of their respective trade marks before the Registrar under the Trade and Merchandise Marks Act, 1958 and the respective rights of the parties will have to be investigated by the Registrar and appropriate registration granted to either of them or both of them, as the case may be bearing in mind the provisions of Section 12(3) of the Trade and Merchandise Marks Act, 1958. There are many precedents to the effect that for inherently distinctive marks ownership is governed by the priority of use of such marks. The first user in the sale of goods or service is the owner and senior user. These marks are given legal protection against infringement Immediately upon adoption and use in trade if two companies make use of the same trade mark and the gist of passing off in relation to goodwill and reputation to goods.

Para 8. Some courts indicate that even prior small sales of goods with the mark are sufficient to establish priority, the test being to determine continuous prior user and the volume of sale or the degree of familiarity of the public with the mark. Bona fide test of marketing, promotional gifts and experimental sales in small volume may be sufficient to establish a continuous prior use of the mark. But on some other occasions courts have classified small sales volume as so small and inconsequential for priority purposes. Therefore, these facts will have to be thrashed out at the trial and at the stage of grant of temporary injunction a strong prima facie case will have to be established. It has also to be borne in mind whether the appellant had also honestly and concurrently used the trade marks or there are other special circumstances arising in the matter. The courts below have merely looked at what the prima facie case is and tried to decide the matter without considering the various other aspects arising in the matter. Therefore, we think, the appropriate order to be made is that injunction either in the favour of the appellant or against them or Dice versa is not appropriate and the proceedings in the suit shall be conducted as expeditiously as possible or the Registrar under the Trade and Merchandise Marks Act, 1958 may decide the matter which may govern the rights of the parties."

14. In the case of Laxmikant V. Patel v. Chetanbhat Shah and Anr. 2002 (24) PTC

1 (SC) ,Hon''ble Supreme Court observed as follows :

"The principal Issue determinative of the grant of temporary injunction would be whether the business of the plaintiff run in a trade name of which "Muktajivan" is a part had come into existence prior to commencement of its user by the defendants and whether it had acquired a goodwill creating a property in the plaintiff so as to restrain the use of word Muktajivan in the business name of a similar trade by a competitor, i.e., the defendants."

Para 8. It is common the trade and business for a trader or a business to adopt a name and/or mark under which he would carry on his trade or business. According to a Kerly (Law of Trade Marks and Trade Names, Twelfth Edition, para 16.49), the name under which a business traders will almost always be a trade mark (or if the business provides services, a service mark, or both). Independently of questions of trade or service mark, however, the name of a business (a trading business or any other) will normally have attached to it a goodwill that the Courts will protect. An action for passing off will then lie wherever the defendant company's name, or its intended name, is calculated to deceive and so to divert business from the plaintiff, or to occasion to confusion between the two businesses. If this is not made out there is no case. The ground is not to be limited to the date of the proceedings ; the Court will have regard to the way in which the business may be carried on in the future, and to its not being carried on precisely as carried on at the date of the proceedings. Where there is probability of confusion in business, an injunction will be granted even though the defendants adopted the name innocently."

Para 12. The three elements of passing off action are the reputation of goods, possibility of deception and likelihood of damage to the plaintiff. In our opinion, the same principle, which applies to trade mark, is applicable to trade name."

Para 13. In an action for passing off it is usual, rather essential, to seek an injunction temporary or ad interim. The principles for the grant of such injunction are the same as in the case of any other action against injury complained of. The plaintiff must prove a prima facie case, availability of balance of convenience to his favour and his suffering an irreparable injury in the absence of grant of injunction. According to Kerly (ibid, para 16, 17) passing off case are often cases of deliberate and intentional misrepresentation, but it is well settled that fraud is not a necessary element of the right of action, and the absence of an intention to deceive is not a defence though proof of fraudulent intention may materially assist a plaintiff in establishing probability of deception. Christopher Wadlow in Law of passing off (1995 Edition, at 0.3.06) states that the plaintiff does not have to prove actual damage in order to succeed in an action for passing off. Likelihood of damage is sufficient. The same learned author states that the defendant's, state of mind is wholly irrelevant to the existence of the cause of action for passing off (ibid, paras 4.20 and 7.15). As to how the injunction granted by the Court would shape depends on the facts and circumstances of each case. Where a defendant has initiated or adopted the plaintiffs distinctive

trade mark or business name, the order may be an absolute injunction that he would not use or carry on business under that name, (Kerly, *ibid*, para 16.97).

Para 17. We are conscious of the law that this Court would not ordinarily interfere with the exercise of discretion in the matter of grant of temporary injunction by the High Court and the trial court and substitute its own discretion therefore, except where the discretion has been shown to have been exercised arbitrarily or capriciously or perversely or where the order of the Court under scrutiny ignores the settled principles of law regulating grant or refusal of interlocutory injunction. An appeal against exercise of discretion is said to be an appeal on principal. Appellate court will not reassess the material and seek to reach a conclusion different from the one reached by the court below solely on the ground that if it had considered the matter at the trial stage it would have come to a contrary conclusion. If the discretion has been exercised by the trial court reasonably and in a judicial manner the fact that the appellate court valid have taken a different view may not Justify interference with the trial court's exercise of discretion (see *Wander Ltd. v. Antox India Pvt. Ltd.* (1990) SCC 727 (*supra*) and *N.R. Dongre and Others Vs. Whirlpool Corpn. and Another*,

15. In the case of *N.R. Dongre and Others Vs. Whirlpool Corpn. and Another*, the Hon"ble Apex Court has held as follows :

"Para 18. Injunction is a relief in equity and is based on equitable principles. On the above concurrent findings, the weight of equity at this stage is in favour of the plaintiffs and against the defendants. It has also to be borne in mind that a mark in the form of a word which is not a derivative of the product, points to the source of the product. The mark/name "Whirlpool" is associated for long, much prior to the defendant's application in 1986 with the Whirlpool Corporation, Plaintiff. In view of the prior user of the mark by plaintiff I and its trans-border reputation extending to India, the trade mark "Whirlpool" gives an indication of the origin of the goods as emanating from or relating to the Whirlpool Corporation, plaintiff I. The High Court has recorded its satisfaction that use of the "Whirlpool" mark by the defendants indicates *prima facie* an intention to pass off the defendants washing machines as those of the plaintiffs or at least the likelihood of the buyers being confused or misled into that belief."

16. I am of the view that none of the judgments cited by the counsel for the appellant helps the appellant and to the contrary, they help to the respondent. The evidences produced by the defendant respondents *prima facie* proves that they are prior user of the trade mark "Madam"" than the appellant. The appellant is not able to make out a *prima facie* case in his favour to prove that they were the prior user of the trade mark "Madam" and disputed design of the label and hence the order of the trial court needs no interference. However, it will be open to the appellant to adduce the necessary evidence during the proceedings before the trial court. Any observations made in the order passed by this Court may not affect the final order. In the interest of Justice, I direct the trial court to dispose of the suit expeditiously without undue long adjournment to both the parties.

Registrar, Trade and Merchandise Marks Act, 1958 may also dispose of the application of both the parties expeditiously.

With the above observations, the appeal is dismissed.