

Rtc Restaurants (India) Limited Vs. Ruby Tuesday Inc and anr

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SooperKanoon Citation : sooperkanoon.com/1171152

Court : Delhi

Decided On : Oct-10-2014

Judge : G.P. Mittal

Appellant : Rtc Restaurants (India) Limited

Respondent : Ruby Tuesday Inc and anr

Judgement :

* IN THE HIGH COURT OF DELHI AT NEW DELHI Pronounced on:

10. h October, 2014 + IA No.1047/2012 (O.XXXIX Rules 1 & 2 CPC) and IA No.7360/2012 (O.XXXIX Rules 1 & 2 CPC) in CS(OS) 137/2012 RTC RESTAURANTS (INDIA) LIMITED Plaintiff Through: Mr. Pravir K. Jain, Adv. versus RUBY TUESDAY INC AND ANR Defendants Through: Mr. H.L. Tikku, Senior counsel with Mr. P.N. Sewak, Adv. & Ms. Shefali Sewak, Adv. CORAM: HON'BLE MR. JUSTICE G.P. MITTAL¹ The competing claims of the parties have led to the filing of these applications. In IA No.1047/2012, the Plaintiff seeks interim injunction, inter alia,:

a. An order for temporary injunction restraining the Defendant/s, their servants, agents, dealers, distributors, stockiest, representatives, retailers and all other persons acting on their behalf from illegally making groundless threats to the applicant with respect to the alleged infringement of and/or passing off the trade mark of the Defendant/s: b. An order for temporary injunction restraining the

Defendant/s, their servants, agents, dealers, distributors, stockiest, representatives, retailers and all other persons acting on their behalf from causing an illegal interference in the course of normal business activities of the Applicant;

2. c. xxxxxxxxxxxxxxxx d. xxxxxxxxxxxxxxxx In IA No.7360/2012 filed by the Defendants, the interim injunction sought extracted from the prayer clause in para 40 of the application are as under:

(a) The Respondent, its directors, managers, employees, servants, agents and distributors be restrained by an order of interim injunction from infringing the Applicant No.2s trade mark RUBY TUESDAY, registered under numbers 1239953, 780189, 884247, 884256, 884253, 884249, 1239955, 884255 and 884250, by restraining them from using the name Rubys as a part of the trade mark/trading style, Rubys Bar & Grill, or any other trade mark deceptively similar thereto which infringes the Applicant No.2s said registered trade marks. (b) The Respondent, its directors, managers, employees, servants, agents and distributors be restrained by an order of interim injunction from passing off their business and product by restraining them from offering goods and services under the impugned mark Rubys Bar & Grill. (c) The Respondent, its directors, managers, employees, servants, agents and distributors be restrained by an interim order directing the Respondent to hand over to the Applicants or their representatives all outdoor signages, nameplates, stocks of menu cards, paper napkins, take-away boxes, pamphlets, promotional materials and business cards bearing the mark Rubys Bar & Grill, and to remove the impugned mark from the Respondents website and the Rubys Bar & Grill Facebook page. (d) No such prayer is there. (e) xxxxxxxxxxxxxxxx (f) xxxxxxxxxxxxxxxx

3. Before coming to these applications, it will be appropriate to have an insight into the pleadings of the parties to understand as to why these applications have been filed.

4. Defendant no.1 Ruby Tuesday, Inc. is a company incorporated and established in the year 1996 in the United State of America (USA) and is claimed to be a world renowned proprietor of Restaurant and Bar Services. Defendant no.1 devised and adopted the distinctive trade and service mark Ruby Tuesday in respect of

Restaurant and Bar Services in USA in 1972 and the company was incorporated in USA in the year 1996. Defendant no.2 RTBD, Inc. is its subsidiary established and incorporated in USA in the year 2002.

5. The Plaintiff (formerly known as Round-The Clock Stores Limited) is a company incorporated in India. The Plaintiff claims to be one of Indias most leading restaurant companies which has developed and is operating more than thirty restaurants in various parts of India including some leading international restaurant brands such as Sbarro and HaagenDazs and numerous homegrown restaurant concepts such as Mandarin Trail, The Cosmopolitan, Mandarin Express, Indian Express, Indus Grill and Mircheez etc.

6. It is stated that over a period of last ten years, the Plaintiff has acquired unmatched reputation and huge goodwill associated to its services.

7. The Plaintiff and Defendant no.1 entered into an International Development Agreement on 31.08.1999 and several subsequent International Operating Agreements including an Agreement dated 15.09.1999. In terms of the earlier said agreements, the Plaintiff ran several restaurants with the name of RUBY TUESDAY. The relationship between the Plaintiff and Defendant no.1 came to an end (after a period of over ten years for which the agreement was initially envisaged), by a Mutual Separation Agreement, which was entered into between the parties on 27.04.2011.

8. According to the Plaintiff by virtue of Separation Agreement PostTerm Obligations as detailed under Section XVII of the International Operating Agreement were waived off with full awareness and mutual consent of both Plaintiff and Defendant no.1. The terms De-Brand in the Separation Agreement are as under:

Debrand shall mean the removal of all Ruby Tuesday signage and logos from the restaurants and cessation of use of all Ruby Tuesday menus, uniforms and marketing materials as well. Both parties agree to waive off all Post-Term Obligations covered under Section XVII in the International Operating Agreements and under Section IX in the International Development Agreement, with the only

Post-Termination ongoing covenant being the covenant between the parties not to disparage each other.

9. According to the Plaintiff in terms of Separation Agreement, the PostTerm Obligation were limited to non-use of any signage and logos of Defendant no.1s mark Ruby Tuesday. The Plaintiff was therefore, free to use the word RUBY which is otherwise a generic word. The Plaintiff, therefore, started a restaurant in the name and style of RUBYs BAR & GRILL in August, 2011 and its outlets are spread across NCR region, Chandigarh and Bangalore.

10. The Plaintiff also applied for registration of the trade mark RUBYs BAR & GRILL in classes 29,30,31, 32, 33, 34 and 42 in India as per the details mentioned in para 18 of the plaint.

11. It is the case of the Plaintiff that the trade marks RUBY, RUBY RED Family Restro (with device), RUBY SEMIYA (device), RUBY TEA (device), RED RUBY, etc. have been got registered by various persons from time to time in India and abroad. Thus, there was nothing unusual for the Plaintiff to have applied for registration of its trade mark RUBYs BAR & GRILL in different shapes, designs for various goods and services as earlier stated.

12. According to the Plaintiff on 15.12.2011, the Plaintiff received a letter from Defendant no.2 purporting to be the lawful user and proprietor of the trade mark RUBY TUESDAY for providing restaurant and bar services in several countries including India. Defendant no.2 cautioned the Plaintiff against its use of name RUBYs BAR & GRILL for its restaurant claiming to have proprietary rights in the word RUBY and threatening the Plaintiff with legal consequences unless it desist from using the mark RUBYs BAR & GRILL.

13. It is the case of the Plaintiff that the Plaintiffs use of its mark RUBYs BAR & GRILL does not amount to trade mark infringement or passing off since Separation Agreement dated 27.04.2011 has categorically removed any restriction on the Plaintiffs use of mark RUBY per se or in combination with any other word and required only the removal of all Ruby Tuesday signage and logos from the restaurants and cessation of use of all Ruby Tuesday menus, uniforms and

marketing material.

14. The Defendants have filed a counter claim-cum-written statement to the suit of the Plaintiff.

15. The sum and substance of the defence and the counter claim set up by the Defendants is that the Plaintiff claims to fame emanates from the International Development Agreement dated 31.08.1999 and International Operating Agreement dated 15.09.1999 between the parties as the Plaintiff claims to have acquired the reputation only during the last ten years whereas Agreement with the Defendants was entered into as far back as in 1999, that is more than ten years before the filing of the suit.

16. The Defendants have averred that if clause A, B and D of Section 17 of the Operating Agreement dated 15.09.1999 are read together, it will clearly constitute a complete embargo against the Plaintiff from using the trade and service mark RUBY TUESDAY or any reproduction, counterfeit, copy or colourable imitation, including the word/trade mark RUBY.

17. The Defendants have admitted that the parties had agreed to waive off all Post-Term Obligations etc. with the only post-termination ongoing covenant being that the parties would not disparage one another. According to the Defendants that however, did not mean that the Defendants had given up its proprietary rights in the trade mark RUBY TUESDAY or any part therein. According to the Defendants, the intention of the parties from the Separation Agreement was clear to the effect that the Plaintiff was obligated to altogether divest its rights of use of the trade mark RUBY or RUBY TUESDAY or any deceptively similar word/trade mark within a time bound frame in relation to its restaurant business.

18. According to the Defendants, Defendant no.1 have devised and adopted distinctive trade and service mark comprising the word RUBY TUESDAY in respect of restaurant and bar services in USA in 1972. Since then, it has licensee rights for operation of RUBY TUESDAY restaurant in over 25 countries under this trade name. In India, the Defendants commenced use of this trade and service mark in the year 2000.

19. According to the Defendants, Defendant no.1 was desirous of launching restaurant and bar services in India in the trade and service mark RUBY TUESDAY and therefore entered into various agreements with the Plaintiff in the year 1999. Defendant no.2 got registration of the mark RUBY TUESDAY in class 42, 29, 32, 16, 25, 30 and 33 since the year 1997 as detailed in para 47 of the counter claim-cum-written statement.

20. It is the case of the Defendants that the Plaintiffs act of filing application for registration of trade mark RUBYs BAR & GRILL in relation to food and drink, alcoholic beverages vide applications as mentioned in para 18 of the plaint is dishonest and mala fide as the Plaintiff was well aware that it had no rights in the RUBYs in congestion with the words BAR & GRILL. According to the Defendants, the Plaintiff appears to have filed applications for registration of the impugned mark after receiving Defendant no.2s seize and desist notice.

21. The Defendants have given the generation of annual revenue and expenses in paras 52 and 53 of the counter claim wherein it was averred that the Defendants revenue in the year 2006-07 \$1,410,227,000 rose to \$1,265,162,000 in the year 2010-11 and advertisement expenditure in the year 2006-07 \$49,104,000 rose to total \$173,454,000 in the year 2010-11. It is averred that the Plaintiff is operating at least five restaurants under the impugned mark at the same location where they formerly operated restaurant as an infringement of RUBY TUESDAY details whereof were mentioned in para 60 of the counter claim. The Defendants, therefore, have sought injunction which have been earlier extracted in para 2 of this order.

22. The crux of the Plaintiffs case is that RUBY is a generic word in respect of which the Defendants cannot have any proprietary rights; in terms of the Separation Agreement the post-time obligation were limited to non-use of any signage and logos of the Defendants mark RUBY TUESDAY and that the Plaintiff is not using the mark RUBY TUESDAY but RUBYs BAR & GRILL and that the Plaintiff has not infringed the Defendants trademark by using the mark RUBYs BAR & GRILL in different shapes in respect of which various applications have also been filed by the Plaintiff.

23. On the other hand, Mr. H.L. Tikku, learned Senior Counsel for the Defendants have urged that the mark RUBY is not generic in relation to restaurant; adoption of the mark RUBYs BAR & GRILL by the Plaintiff is dishonest and mere addition of the word BAR & GRILL will not allow the Plaintiff to infringe the Defendants mark particularly in relation to the hospitality/restaurant services and more particularly when the business is being carried out by the Plaintiff from the same premises as was being carried out by it(the Plaintiff) as a licensee of the Defendants.

24. As per the averments made in the plaint, the Plaintiff claims to have acquired the unmatched reputation and usage goodwill associated to the restaurant services during the last ten years. It is important to note that several International Operating Agreements including the agreement dated 15.09.1999 were entered into between the Plaintiff and Defendant no.1. Thus, it is not in dispute that the Plaintiff earned the reputation and goodwill when the Operating Agreements were entered into between the parties and the Plaintiff started running restaurant as a licensee with the name of RUBY TUESDAY.

25. As per the averments made in the plaint (para 19), the Plaintiff applied for registration of the trade mark RUBYs BAR & GRILL sometime in August, 2011 mostly in relation to food beverages and restaurant services. At this juncture, it will be appropriate to notice some of the judgments of this Court relied upon by the learned Senior Counsel for the Defendants wherein it was laid down that if a party itself applies for registration of a mark, it is not permissible for the said party to raise a plea that the mark is generic and is incapable of being registered or owned by a particular person. In Anchor Health and Beauty Care Pvt. Ltd. v. Procter & Gamble Manufacturing (TIANJIN) Co. Ltd. & Ors., 2014 (59) PTC105(Del), while dealing with I.A.11461/2013 in CS(OS)1431/2013, a plea raised by the Defendant that the mark ALL-AROUND PROTECTION was a generic word was rejected as Defendant itself had applied for registration of the mark ALL-ROUNDER. The learned Senior Counsel referred to Rajneesh Kumar Singhal v. The State (National Capital Territory of Delhi), 89 (2001) DLT511 and Automatic Electric v. R.K. Dhawan & Anr. 1999(19) PTC81 wherein it was held as under:

11. I will first deal with the submission of the defendant, namely, that the mark of the plaintiff is descriptive. Reliance is placed on Section 30(2) (a) read with Section 35 of the Trade Marks Act to claim that a registered trademark is not infringed with the use of the mark in relation to goods which indicate the kind and quality or other characteristics of the goods. It has been urged that the plaintiff has procured the registration on false information and that the defendants have already been advised to seek rectification of the alleged trademark. The defendants have not denied that they have moved an application for registration of their mark ALLROUNDER. They have also not denied that they have obtained registration of the mark ALL-AROUND PROTECTION in the United States. They have, however, urged that the term ALLROUNDER is a product neutral expression. Further regarding registration of the mark in United States it is urged that the said registration in United States is inconsequential to the present proceedings as the Trade Marks Act applies only to the jurisdiction of India. It is further urged that a descriptive word will not change its character merely by an act of the defendant.

12. What is the effect of these background facts i.e. that the defendants have themselves applied for registration of the mark ALLROUNDER and have also obtained registration of the mark ALL-AROUND PROTECTION in USA. In my view it is not permissible for the defendant to approbate and reprobate. Reference in this context may be had to the judgment of the Full Bench of this Court in *Rajneesh Kumar Singhal vs. The State (National Capital Territory of Delhi)*, 89 (2001) DLT511 In paragraph 6 the Court held as follows:- 6. The submission of the learned senior counsel overlooks the fact that a party cannot normally be allowed to approbate and reprobate. If a party has taken up a specific stand at a particular stage of the court proceedings it should not be open for him to take a contrary position at a subsequent stage of litigation or in different proceedings. The principle serves well as it does not allow a litigant to blow hot and cold at successive stages of the same litigation, or another litigation. The doctrine is well illustrated in *Dwijendra Narain v. Joges Chandra* 39 C.L.J.

40 where it was held as follows:

It is an elementary rule that a party litigant cannot be permitted to assume inconsistent positions in Court, to play fast and loose, to blow hot and cold, to approbate and reprobate, to the detriment of his opponent. This wholesome doctrine applies not only to the successive stages of the same suit, but also to another suit than the one in which the position was taken up, provided that the second suit grows out of the judgment in the first.

13. Reference may also be had to the judgment of this Court in the case of Automatic Electric vs. R.K.Dhawan, (supra). That was a case which pertained to a suit for injunction filed by the plaintiff for its registered trademark DIMMERSTAT. The defendant in that case is said to have adopted the trademark DIMMER DOT. The defendants in that case took the stand in the said matter that the word DIMMER being a generic word is incapable of serving a trademark function. It was urged that the said word signifies an auto variable transformer and no trader could monopolize its use. The defendants in that case had got their trademark DIMMER DOT registered in Australia. In those facts this Court did not accept the contention of the defendant in that case that DIMMER is a generic expression. In paragraph 16 this Court held as follows:

16. The defendants got their trade mark DIMMER DOT registered in Australia. The fact that the defendant itself has sought to claim trade proprietary right and monopoly in DIMMER DOT, it does not lie in their mouth to say that the word DIMMER is a generic expression.

14. In view of the said legal position I do not wish to go into the submission of the defendant as to whether the word ALLROUND or ALLROUND PROTECTION is a generic word. It clearly does not lie for the defendant to raise the said submission in the given facts. Their submission about the mark being generic has to be rejected.

26. Similar sentiments were echoed by a learned Single Judge of this Court in Dabur India Ltd. v. Real Drinks Pvt. Ltd. and Anr.(CS(OS) 1812/2012) and in Ozone Spa Pvt. Ltd. v. M/s. Ozone Club, (CS(OS) No.1528/2009).

27. The cases relied upon by the learned Senior Counsel for the Defendants apply on all fours to the facts of the present case. Moreover, it has to be borne in mind that the Plaintiff was permitted to use the mark RUBY TUESDAY and running same business in the same premises with similar and deceptively similar trade mark will have to be construed as dishonest and mala fide.

28. Although, it cannot be lost sight of that RUBY TUESDAY became popular with the younger generation. The contention of the learned counsel for the Plaintiff that the most of the Plaintiffs clients middle class cannot be brushed aside. However, I am not in agreement with this contention of the learned counsel for the Plaintiff that simply because the projected consumers/customers were educated or belonged to middle class they would readily distinguish the Plaintiffs mark with the Defendants mark. The general principles which have been repeatedly followed are that the Court has to approach the two marks from the point of view of a man of average intelligence and imperfect recollection. Even to the literate class the words/marks RUBY TUESDAY and RUBYs BAR & GRILL may be taken to be originating from the same person. In Atlas Cycle Industries Ltd. v. Hind Cycles Limited, (1973) ILR1Delhi 393, a Division Bench of this Court had the occasion to examine the trademark EASTERN STAR belonging to the Plaintiff/Appellant with the mark ROYAL STAR of the Defendants(Respondents) and the Division Bench after examining a plethora of precedents opined that the mark ROYAL STAR shall be treated as deceptively similar to the mark EASTERN STAR.

29. While referring to Atlas Cycle Industries Ltd. v. Hind Cycles Limited, ILR (1973) I Delhi, the Supreme Court held as under:

.....In an action for an alleged infringement of a registered trade mark, it has first to be seen whether the impugned mark of the defendant is identical with the registered mark of the plaintiff. If the mark is found to be identical, no further question arises, and it has to be held that there was infringement. If the mark of the defendant is not identical, it has to be seen whether the mark of the defendant is deceptively similar in sense that it is likely to deceive or cause confusion in relation to goods in respect of which the plaintiff got his mark registered. For that purpose, the two marks have to be compared, not by placing them side by side,

but by asking itself whether having due regard to relevant surrounding circumstances, the defendants mark as used is similar to the plaintiffs mark as it would be remembered by persons possessed of an average memory with its usual imperfections, and it has then to be determined whether the defendants mark is likely to deceive or cause confusion. For such determination, the distinguishing or essential features (and not every detail) of the two marks and the main idea, if any, underlying the two marks which a purchaser of average intelligence and imperfect memory would retain in his mind after seeing the marks, have to be noticed. It has then to be seen whether they are broadly the same or there is an overall similarity or resemblance, and whether the resemblance or similarity is such that there is a reasonable probability of deception or confusion. In doing so, the approach has to be from the point of view of purchaser of average intelligence and imperfect memory or recollection, and not an ignorant, thoughtless and incautious purchaser....

30. Admittedly, the International Operating Agreement between the Plaintiff and the Defendant no.1 had come to an end vide a mutual Separation Agreement dated 27.04.2011.

31. In *Morgardshammar India Limited & Ors. v. Morgardshammar* AB193(2012) DLT238 the Respondent had obtained registration of the trademark MORGARDSHAMMAR. The Appellant was using the trademark MORGARDSHAMMAR in terms of an agreement between the parties which had been validly terminated. It was held by a Division Bench of this Court that after termination agreement, the Appellant cannot be considered to be a permitted user.

32. RUBY TUESDAY or for that matter the mark RUBY in relation to food and beverages cannot be said to be a generic mark. Rather, the same is an arbitrary and fanciful mark. Fanciful marks consist of coined words that have been invented and selected for the sole purpose of functioning as a trade mark. The Plaintiff in para 12 of the plaint has averred that the mark RUBY is not the exclusive mark of Defendant no.1 as it has been registered in respect of various businesses all over the world including hospitality and various applications which have been registered or are pending registration in India and abroad. This plea will not help the Plaintiff

at this stage because the Plaintiff itself used the mark RUBY TUESDAY in pursuance of an agreement between the Plaintiff and Defendant no.1. Thus, the Plaintiff was permitted to use the name in terms of the International Operating Agreement. The use of the mark RUBYs BAR & GRILL in respect of the same goods and services at the same place which was where the Plaintiff was running RUBY TUESDAY will, prima facie, will not only be infringement but also dishonest, mala fide and in order to pass on the goods and services of the Plaintiff as those of the Defendants.

33. The learned Senior Counsel for the Defendants has taken pains to refer to the menu card being used by the Plaintiff while running its restaurant in the name of RUBYs BAR & GRILL where food articles RUBYs Classic Chicken Burger, RUBYs Burger etc., etc. formed part of the Defendants menu. This, by itself, may not be sufficient to show that the Plaintiff is infringing the Defendants trade mark but user of the mark RUBYs BAR & GRILL in respect of the same services at the same time and place coupled with some of the similar articles in the menu card speak volume of Plaintiffs dishonesty in using a deceptively similar trade mark to ride on the Defendants reputation and to pass on the Plaintiffs goods as that of the Defendants. In fact, filing of the instant suit with an application for interim injunction (IA.1047/2012) seeking restraint against the Defendants shows that the Plaintiff was aware of the infringement of the Defendants mark by it and came to this Court apprehending action by the Defendants.

34. In my view, the Defendants have been prima facie able to establish that the adoption of the mark RUBYs BAR & GRILL by the Plaintiff, in the circumstances of the case, amounts to infringement of the Defendants mark RUBY TUESDAY. The Plaintiff was a licensee to use the trade mark RUBY TUESDAY under International Operating Agreement and the agreement having come to an end, the user of the mark RUBYs BAR & GRILL by the Plaintiff will result in irreparable loss and injury not only in money but also in Defendants reputation. It will also amount to dilution of the Defendants mark RUBY TUESDAY by the Plaintiff who was a licensee to use the mark RUBY TUESDAY during currency of the International Agreement. Thus, the balance of convenience also tilts in favour of the Defendants.

35. In view of the foregoing discussion, I.A. 1047/2012 preferred by the Plaintiff merits dismissal; the same is accordingly dismissed.

36. I.A.7360/2012 filed by the Defendants is allowed in terms of prayer clauses (a) (b) and (c).

37. In order to avoid any inconvenience to the Plaintiff, the Plaintiff is directed to remove the trademark RUBYs BAR & GRILL or any other trade mark deceptively similar to the mark RUBY TUESDAY of the Defendants within a period of one week from the date of this order.

38. Needless to say the observations made above are only tentative and have been made on prima facie view of the matter and shall not be deemed to be an expression of this Courts opinion on the merits of the case.

39. The applications are disposed of in above terms. CS(OS) 137/2012 List before the Joint Registrar for admission/denial of documents on 22.12.2014. (G.P. MITTAL) JUDGE OCTOBER10 2014 vk/pst

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