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Court : Mumbai

Decided On : Mar-11-2016

Judge : G.S. Patel

Appeal No. : Notice of Motion No. 370 of 2010 in Suit No. 272 of 2010

Appellant : Essel Propack Ltd.

Respondent : Essel Kitchenware Ltd. and Another

Judgement :

Oral Judgment:

1. This is a Notice of Motion for a Receiver and injunctions in an action for trade mark infringement and passing off.

2. The Suit and the Notice of Motion have had something of a convoluted litigation history. The Suit was filed in 2010. First, the Plaintiff filed a Petition for leave under Clause XIV of the Letters Patent to combine the cause of action in passing off with the cause of action in infringement. That Petition was contested (to the stage, it seems, of an Affidavit in Rejoinder). Leave was ultimately granted on a no-finding basis on 23rd March 2010. The Plaint was then amended. Later, when an application for ad-interim reliefs was moved, a plea of want of jurisdiction was taken. In consequence, a preliminary issue under Section 9A of the Code of Civil Procedure, 1908 (CPC) was framed on 2nd December 2011. The matter then came up on 15th February 2013. The Plaintiff desired to lead evidence and,

accordingly, documents were allowed to be filed and were marked. The Plaintiff led evidence. Cross-examination followed. Ultimately, on 31st August 2015/1st September 2015, I decided the preliminary issue in favour of the Plaintiff. I am told that that order has not been carried in Appeal.

3. The 1st Defendant had by then also filed Notice of Motion No. 1284 of 2010 seeking, first, a rejection of the Plaint on the ground that it did not disclose a cause of action; and, second, for a stay of the suit under Section 10 of the CPC on the ground that the 1st Defendant had previously, in 2004, filed Civil Suit No. 2 of 2004 before the Calcutta High Court seeking an injunction against the Plaintiff from issuing groundless threats. When Mr. Justice Menon took up the Notice of Motion on 2nd December 2015, the first ground was not pressed. The Notice of Motion was argued on the second ground. Menon J dismissed the 1st Defendant s Notice of Motion on 2nd December 2015.

4. All this time, the Plaintiff s Notice of Motion No.370 of 2010, filed at the time of the suit, remained pending without any relief being granted. Mr. Kamat for the Plaintiff is considerably agitated by the 1st Defendant s attempts to use what he describes as every trick in the book to delay the hearing of this Notice of Motion. I think he is correct in saying that merely because of the law s delays, the Court s overburdened systems, and the 1st Defendant s repeated attempts to dislodge the suit, relief should not be denied to the Plaintiff if otherwise a sufficient cause is made out. He points out that in M/s Siyaram Silk Mills Ltd v M/s Shree Siyaram Fab Pvt. Ltd. and Ors., (Notice of Motion No.3679 of 2011 decided on 17th March 2015.)Mr. Justice Gupte in addressing a very similar fact situation was moved to hold, inter alia, that these repeated applications by a defendant and the inevitable delays cannot be invoked to deny an injunction where sufficient cause is shown. The principle that a court must endeavour to do complete and substantial justice cannot be quelled by such applications. There are indeed statutory provisions in both Section 9A of the CPC and in Section 124 of the Trade Marks Act 1999 that address just this and say that applications questioning jurisdiction or for stay of a suit pending rectification proceedings do not preclude courts from making a suitable interim order where necessary. I am of course in complete agreement with Mr. Justice Gupte s decision (one that in any case binds me). It is another matter,

however, that unfortunately for Mr. Kamat I am not persuaded that in this particular case the Plaintiff has been able to demonstrate sufficient cause. Having heard him for the Plaintiff and Mr. Parikh for the 1st Defendant at some length and, with their very able assistance, considered the material on record and the applicable law, I have dismissed this Notice of Motion. My reasons follow.

5. The Plaintiff is part of the Essel Group of companies. It was incorporated on 22nd December 1982 under the name ESSEL Packaging Limited. It commenced its business in this name early in 1983. Four years later, a sister concern came to be incorporated. This was then known as ESSEL Amusement Park (India) Limited. That name was subsequently changed to ESSEL Infraprojects Limited.

6. The Plaintiff is a manufacturer of various kinds of packaging material for use by other manufacturers of retail products. For example, the Plaintiff manufactures collapsible laminated tubes, coextruded seamless tubes and laminates. As Mr. Parikh for the 1st Defendant points out, these are not products that are sold over the counter; instead, they are products that are used by other manufacturers in turn to package their own products. I mention this at the outset for it is fundamental to one aspect of Mr. Parikh s case and to which I will revert presently.

7. The Plaintiff claims that its mark was coined in 1982-1983. It is said to be derived from the names of Mr. Subhash Chandra, the Plaintiff s Chairman, and the name of his brother Mr. Laxmi Narayan Goel, taking the first letter of each of their first names, S and L, and expressing these phonetically and joining them together: hence ESSEL . The Plaintiff says it has used this mark extensively since then. There has been considerable corporate expansion since. Several subsidiary and associate companies were set up using the ESSEL mark. The Plaintiff is the largest or lead company in this group. As of 31st December 2008, the ESSEL group had an annual consolidated turn over of Rs. 12,949 million. It has business interests and manufacturing units in India and overseas. It is also listed on the two Indian Stock Exchanges. It has over 30,000 shareholders. The coined ESSEL is a prominent, striking and leading feature of the Plaintiff s mark. 8. The mark ESSEL is registered in several classes for various goods under the Trade Marks Act. Copies of these registrations are set out in Annexures to the Plaint. It is, however,

an accepted position that the Plaintiff does not have registration in Class 21. The Plaintiff has applied for registration under that Class; that application is under opposition from the 1st Defendant.

9. Annexed to the Plaint (Exhibit J , at page 182) is an unsigned and uncertified statement of business figures from 1999 to 2008. Although in more recent years, i.e., 2007-2008 the profits before and after tax seem to have declined sharply and in the last of these years, there is in fact a loss, this may not be immediately significant to us for the present purposes. Apart from these registrations, the Plaintiff also claims that it owns several Internet domain names with the word ESSEL. It has also, of course, the registration of corporate names with the word ESSEL in them.

10. In paragraph 19 of the Plaint, the Plaintiff claims that it first learnt of the 1st Defendant when it noticed the 1st Defendant s application for registration of this word ESSEL in Class 21 in respect of cups, drinking glasses, table plates, saucers, small domestic utensils made of plastic and thermocol including kitchen utensils advertised in the Trade Marks Journal. The Plaintiff filed a notice of opposition in May 2003. The 1st Defendant had been incorporated a short while earlier on 21st March 2001.

11. A few months after filing its notice of opposition to the 1st Defendant s application for registration in Class 21, on 10th November 2003, the Plaintiff through its Attorneys issued a cease and-desist notice to the 1st Defendant. (Exhibit K , page 183.)In this notice, the Plaintiff asserted that the 1st Defendant s adoption of the mark ESSEL was deliberately dishonest and mala fide, was bound to cause confusion and to deceive the public, and that it constituted both infringement and passing off.

12. In paragraph 22 of the plaint, the averment made is this:

22. The 1st Defendant did not respond to the Plaintiffs legal notice dated 10.11.2003. The Plaintiff did not initiate legal proceedings then, against the Defendants, since the Plaintiff believed that the Defendants have desisted its further use of the similar trade mark in view of the Plaintiff s strong objections to

contest the registration of trade mark and cease and desist notice. The Plaintiff however strongly pursued and elected to contest the registration proceeding.

13. This paragraph is one that I must deal with straight away because it is demonstrably untrue to the Plaintiff s knowledge. From start to finish it is misleading. The very first statement in this paragraph is incorrect. The Plaintiff s Advocates did in fact receive a reply dated 1st December 2003 from the 1st Defendant s attorneys. A copy of that reply is annexed to the Written Statement. (Exhibit M , P. 390)Also annexed is a copy of the registered post A/D card evidencing service of this reply letter on the Plaintiff s advocates. (Pp. 393-394)The incorrectness of the first averment in paragraph 22 undermines the second; for, in its attorneys reply letter, the 1st Defendant said that there was no possibility of confusion, deception or similarity and put the Plaintiff to specific notice that it fully intended to continue using the rival mark. There was no question of the Plaintiff ever being led to believe that the 1st Defendant had accepted any part of the Plaintiff s cease-and-desist notice or that the 1st Defendant had in fact stopped using the mark. There is no evidence of such stoppage. The material on record in the Notice of Motion as also the annexures to the Written Statement prima facie indicate that the 1st Defendant did continue to use the rival mark both for domestic sales and, later, for exports. That this claim to being lulled into a state of complacency is wholly incorrect is also evident from the fact that a few months after this advocates correspondence, in 2004 the 1st Defendant filed Civil Suit No. 1284 of 2004 in the Calcutta High Court seeking an injunction against the Plaintiff from issuing groundless threats. The Plaintiff was served with a summons. Further, the last sentence is also incorrect: a few years later, the Plaintiff abandoned its opposition to the 1st Defendant s registration application. In any case, the last sentence contradicts the previous ones: the very fact that the 1st Defendant was pursuing its registration application, and that the Plaintiff, on its own showing, felt compelled to strongly pursue and contest it is prima facie enough to show that there was no cause for the Plaintiff to believe that the 1st Defendant had desisted its use of the rival mark.

14. Matters did not end there. On 29th March 2005, the 1st Defendant filed a Notice of Opposition to the Plaintiff s registration application. In the Plaint, there is

no mention of this at all. Paragraph 22 also cannot be reconciled with what is said in the following paragraph 23, for here the Plaintiff accepts that on 1st December 2005 it was served with an Affidavit affirmed by the General Manager of the 1st Defendant containing evidence proposed to be used in support of the 1st Defendant s opposition to the Plaintiff s registration. The Plaintiff seems to have filed an appeal before the Intellectual Property Appellate Tribunal. On 4th January 2010, all opposition by the Plaintiff to the 1st Defendant s application for trade mark registration was finally and completely abandoned. The 1st Defendant s mark proceeded to registration.

15. Before proceeding any further, I think it is necessary to note the averments made in paragraph 23:

23. The Plaintiff s Advocates were however in or around 3rd December 2005 served with an affidavit affirmed on 01.12.2005 by A. Roy Choudhury, the General Manager of the 1st Defendant and filed as evidence in support of opposition initiated by them before the Learned Registrar of Trade Marks against the Plaintiffs trade mark application whenever [sic] Defendant No. 1 alleged actual and commercial use of ESSEL as trade mark. In the said Affidavit 1st Defendant exhibited, inter-alia, specimens of printed cartons allegedly used for secondary packaging and printed poly-sleeves used for primary packaging of their products, bearing the mark ESSEL. The Plaintiff s submit that due to discontinuance of association of the Advocate firm who had served the Notice dated 10th November 2003 on the Defendants and as the Advocate attending to the registration was only concerned with the registration, the significance of the material annexed to affidavit dated 1st December 2005 was inadvertently missed out. It is only in or around May 2009 after the Plaintiff chanced upon a advertisement brochure of the Defendants it transpired that the trade mark was still deceptively misused and consequently the Plaintiff and its lawyers decided to go into the further details. The Plaintiffs through their advocates letter dated 19.06.2009, therefore called upon the 1st Defendants advocates to provide copies of exhibits to the said affidavit dated 01.12.2005. The 1st Defendants advocates through their letter dated 23.06.2009, served upon the Plaintiffs copies of the exhibits to the said affidavit dated 01.12.2005. It is from these exhibits the Plaintiffs substantiated that the

Defendants were still using the name/mark ESSEL by manufacturing and/or marketing and/or dealing with disposable containers used for packing and/or serving materials and/or similar packaging materials. In the list of dealers of the 1st Defendants being Exh.-B to the said affidavit, the Plaintiffs came across reference to their own distribution network in Mumbai. This was clearly objectionable. These inquiries revealed that the Defendant had begun to use the Plaintiffs trade mark/name on a substantial scale.

(Emphasis added)

16. Clearly this paragraph now suggests that the reason for the delay between 2005 and 2009-10 was because of some alleged miscommunication with the Plaintiff s advocates. This is an aspect that will have consequence to at least one of the defences raised by Mr. Parikh, but for the present, it certainly seems to me that this defence is wholly untenable at this prima facie interim stage.

17. To complete the factual narrative: after the Plaintiff abandoned its opposition to the 1st Defendant s trade mark application, that application proceeded to registration. In the meantime, on 15th June 2009 the Plaintiff, through new advocates, sent a second cease and desist notice to the 1st Defendant. (Exhibit L , page 187)In this second notice, the Plaintiff makes no reference at all to its previous notice dated 10th November 2003. There is also no reference to the 1st Defendant s reply to that notice. Both these factors were specifically mentioned in the 1st Defendant s attorneys reply dated 3rd July 2009. (Exhibit M , page 192)In paragraph 4 of this reply, the 1st Defendant s attorneys referred to the previous correspondence. They then pointed out that very shortly thereafter on 10th December 2003 they had also filed a Caveat in the Bombay High Court and in January 2004 another Caveat in the High Court of Calcutta. Both these Caveats were duly served on the Plaintiff. Again, of this there is no mention anywhere in the Plaint. The 1st Defendant once again denied all allegations of infringement, passing off, deception, deceptive similarity or confusion. The present Suit was then filed on 12th January 2010.

18. Some facts are, therefore, undisputed: that both sides use the mark ESSEL; that the Plaintiff s adoption is of the year 1982; that the 1st Defendant s adoption is

no earlier than 2002; and that today both marks are registered though in different classes. Mr. Kamath s submission is that by the time the 1st Defendant adopted the rival mark, the Plaintiff s mark had come to achieve so significant a reputation and standing and such tremendous goodwill, that there is no possibility at all of the 1st Defendant s adoption ever being bona fide or honest. Being a packaging manufacturer, the Plaintiff could not have been unknown to the 1st Defendant. In any case, he submits, it is settled law that the 1st Defendant was required to take an adequate search both in the registry and in the market before adopting its rival mark and had it done so, it would undoubtedly have noticed the Plaintiff s mark. When the 1st Defendant applied for registration, the Plaintiff s mark, by then already registered, was cited as a conflicting mark. Yet, in the circumstances I have set out above, the 1st Defendant s mark was allowed to proceed to registration.

19. Mr. Kamath s first submission is that the Plaintiff s mark is a well-known mark . Mr. Kamath uses this to further his case that the Plaintiff is entitled to sue the 1st Defendant for infringement and passing off although the 1st Defendant s goods, products and trade channels are entirely distinct from those of the Plaintiff. I am unable to see how this in any way assists Mr. Kamat, even assuming that he has been able to establish that the Plaintiff s mark is a well-known mark. The Trade Marks Act, 1999 does not prohibit the registration of multiple similar marks. Indeed, Section 12 seems to me to contemplate the coexistence of rival similar or even identical marks in respect of the same or similar goods or services. If there is honest and concurrent use, or there exist other special circumstances, the Registrar may permit such multiple simultaneous registrations, subject to any conditions and limitations that he thinks fit. If the argument of a well-known mark is advanced with reference to Section 29, a new feature of the 1999 Act, then, as Mr. Parikh points out, the submission is ill-conceived. That section has no application. It is restricted to infringing use by a person who is neither a registered proprietor nor a permitted user of the rival mark.

20. Mr. Parikh is also correct in pointing out that the definition of a well-known mark added in Section 2(zg) of the TM Act 1999, in relation to any goods or services, means a mark that has become so well-known to a substantial segment

of the public which uses such goods or receives such services that such use for other goods and services would be likely to be taken as indicating a nexus in the course of trade or rendering of services between those other goods or services and the person using the mark that is claimed to be well-known. This, Mr. Parikh submits, is a complex of factors. It is not established merely by claiming high volume of sales when there is a special segment of users. The requirement is of such widespread recognition across markets and so pervasive an identification in the public imagination that should any other person use that mark or one similar to it in relation to other goods or services, anyone would be apt to conclude that the rival s goods or services share a provenance with the first mark. We should be guided if not bound, Mr. Parikh says, and I agree, by the principles we find in Sections 11(6), 11(7) and 11(8) of the TM Act, 1999 which deal with the considerations that should weigh with the Registrar in determining whether a mark is a well-known mark. (Tata Sons Ltd v Manoj Dedia and Ors., 2011 (46) PTC 244 (Del.))In that determination, under Section 11(6), the Registrar is to consider all relevant factors, including-

(i) the knowledge or recognition of that trade mark in the relevant section of the public including knowledge in India obtained as a result of promotion of the trade mark;

(ii) the duration, extent and geographical area of any use of that trade mark;

(iii) the duration, extent and geographical area of any promotion of the trade mark, including advertising or publicity and presentation, at fairs or exhibition of the goods or services to which the trade mark applies;

(iv) the duration and geographical area of any registration of or any application for registration of that trade mark under this Act to the extent they reflect the use or recognition of the trade mark;

(v) the record of successful enforcement of the rights in that trade mark; in particular, the extent to which the trade mark has been recognised as a well-known trade mark by any court or Registrar under that record.

21. In determining whether a trade mark is known or recognized in a relevant section of the public for the purposes of sub-section (6), the Registrar is to take into account the number of actual or potential consumers of the goods or services; the number of persons involved in the channels of distribution of the goods or services; and the business circles dealing with the goods or services, to which that trade mark applies. (Section 11(7). Section 11(8) then says that Where a trade mark has been determined to be well-known in at least one relevant section of the public in India by any court or Registrar, the Registrar shall consider that trade mark as a well-known trade mark for registration under this Act.)

22. These requirements, Mr. Parikh suggests, are not satisfied on the present materials. I agree. I do not suggest a conclusion that the Plaintiff s mark is not a well-known mark; merely that on the present material before me, I cannot conclude that it is. Also, I do not think that such a finding is necessary for this case, nor do I believe that the fate of this Notice of Motion will turn on a determination of that issue. That is something that must be left open to the trial of this suit and, very possibly, to some other action by the Plaintiff.

23. Mr. Kamath then submits that there is no novelty shown by the 1st Defendant in the manner in which it chose to adopt the rival mark: in the Written Statement, the 1st Defendant says that it, too, took the first letters of two names, those of its Managing Director s mother and aunt, expressed these phonetically and conjoined them. (Pp.201 to 202)Therefore, he says, the 1st Defendant s adoption of the rival mark is dishonest and mala fide, and an injunction must follow. I believe this to be some sort of self goal. For, by the same reasoning, there is no novelty in the Plaintiff s adoption of its own mark either. In both cases the parties have taken individual letters from the names of certain persons connected to their enterprises and have expressed these phonetically. There are limited ways in which the letters S and L can be expressed phonetically. If there is no novelty in the adoption of the 1st Defendant s mark, then there is no novelty in the Plaintiff s adoption of its mark either. Novelty in this context must mean something more than first-out-of- the-gates. It must connote some unusual or imaginative use. The word ess is actually to be found in dictionaries. It means the letter S or something shaped like the letter S . Its first known use dates back to 1540. (Shorter Oxford English Dictionary, 5th

ed.; Webster s Encyclopedic Unabridged Dictionary of the English Language, 1989; http://www.merriam-webster.com/dictionary/ess.)I imagine the same is true for el .

24. To further his case on dishonest adoption, Mr. Kamath also points to paragraph 5 of the Written Statement (Page 205)in which the 1st Defendant says that when it took search in the market it was satisfied that there was no competing mark in respect of subject nature of goods, namely, disposable utensils with this trade mark. Mr. Kamath submits that this is hardly sufficient. It is settled law, he says, that the required search cannot be a narrow or targeted search within this or that class of goods. It must be to see whether there are any products of any description in the market. Had such a search been taken, he says, the 1st Defendant would undoubtedly have seen the Plaintiff s mark. Therefore, in his submission, the adoption of the rival mark by the 1st Defendant is in its inception dishonest and not bona fide. Consequently, Mr. Kamath submits that the Plaintiff is entitled to an injunction.

25. In response, Mr. Parikh does not suggest, and I think quite wisely, that the fact that both marks are registered prohibits the Plaintiff from suing for passing off. His submission is that since both marks are registered, neither is deemed to have exclusivity as against the other by virtue of that registration; but each can claim exclusivity against third parties as if it is the sole proprietor. This is based on a reading of Section 28(3) of the TM Act 1999. Mr. Parikh s point is more fundamental. First, there is, in his submission, no possibility at all of any confusion. It is undisputed that the rival marks are visually distinct and do not resemble each other, even if both marks feature the coined word Essel . He submits that if the well-known tests set out by the Supreme Court in paragraph 35 of its decision in Cadila Health Care Ltd v Cadila Pharmaceuticals Ltd. (2001) 5 SCC 73) cannot be satisfied in this particular case at least so far as the cause of action in passing of is concerned; that is, if the rival product ranges are different; the trade channels are distinct; the intended consumer base is entirely separate; and there is, therefore, no possibility either of confusion or deception of any person, then there is no case made out for an injunction. Even assuming that the Plaintiff has been able to establish a case of being sufficiently diversified, it is hardly likely that anyone

would say that the Plaintiff s goods and those of the 1st Defendant share a common source. If the Plaintiff cannot establish that it is a well-known mark across, then the injunction cannot be granted.

26. More fundamentally, Mr. Parikh submits, this is the clearest possible case of deliberately false and misleading pleadings, of a false case being set up, of unconscionable and unexplained delay and of actual acquiescence. This is not, he submits, a case of a mere delay , some length of time before the Plaintiff moved. This is a case where the Plaintiff was put to counter-notice of the 1st Defendant s intention to continue using its rival mark. The Plaintiff received that counter-notice in the form of the 1st Defendant s attorneys response to the first cease and desist notice of 10th November 2003. The Plaintiff deliberately concealed this from the Plaint. It also concealed the fact of its own knowledge of the 1st Defendant s continued use of the rival mark and of the 1st Defendant taking cautionary steps by serving caveats. It did not mention the fact that the 1st Defendant had filed an earlier suit in 2004 in Calcutta. The law on acquiescence, Mr. Parikh submits, is not and cannot be that all this must be overlooked and ignored and that every other registrant or user of a rival mark must automatically suffer an injunction.

27. The bulk of the debate before me concentrated on this aspect of the matter. Before I turn to this, I should note what the 1st Defendant has adduced in support of its case of continued use. There is, to begin with, the 1st Defendant s incorporation certificate of 2001. (Written Statement, p. 239.)This shows the 1st Defendant s use of the word Essel in its corporate name. There is then a copy of its trade mark as submitted for registration, the word Essel written in a stylized all-caps hand script font in deep red surrounded by two concentric oval rings. (Written Statement, p. 240.)There are specimen invoices of domestic sales from 6th February 2002 onward. (Written Statement, pp. 250-305.)There are also export invoices. (Written Statement, pp. 306-334.)In respect of one of its products, a drinking glass, the 1st Defendant has applied for a patent. (Written Statement, p. 379.)There are also materials relating to publicity, events, launches and so on.

28. Mr. Kamat submits that there is no acquiescence on the Plaintiff s part and the delay, if any, is inconsequential. Once the Plaintiff put the 1st Defendant to notice,

he says, the subsequent conduct of the 1st Defendant and all its actions in utilizing its rival mark is at its peril. Mr. Kamat first relies on the fabled decision of B. N. Kirpal J (as he then was), sitting singly in the Delhi High Court, in Hindustan Pencils Pvt Ltd v M/s Indian Stationery Products Co and Anr (1989 PTC 61)to say that even if there is a delay, this is not per se sufficient to defeat the application for an injunction. While addressing the question of acquiescence, the Hindustan Pencils court held that in its classical definition, acquiescence arises where the proprietor knowing of his rights and knowing that the infringer is ignorant of them, does something to encourage the infringer s misapprehension, with the result that the infringer acts on his mistaken belief and so worsens his position. A mere failure to sue, without a positive act of encouragement does not generally afford a sufficient defence. Where a defendant infringes a plaintiff s mark knowingly, he cannot be heard to complain if he is later sued for that infringement; and a defendant who commences his use without a search (In the Register in that case, and in Bal Pharma Ltd. v Centaur Laboratories Pvt. Ltd. and Anr., 2002 (24) PTC 226 (Bom) (DB). Now broadened to require a market search: Gorbatschow Wodka K.G. v John Distilleries Limited, 2011 (47) PTC 100 (Bom), per Dr. D.Y. Chandrachud J, as he then was.)is no better placed than one who did search and learnt of the plaintiff s mark. Where the adoption of the trade mark is dishonest, mere delay will not defeat an injunction application. Ordinarily, where infringement is shown, an injunction must follow. (Midas Hygiene Industries P. Ltd. and Anr. v Sudhir Bhatia and Ors., 2004 (28) PTC 121 (SC))It makes no difference if the product ranges are distinct. (Aktiebolaget Volvo v Volvo Steels Limited, 1998 PTC (18) (DB); Daimler Benz Aktiegesellschaft and Anr. v Hybo Hindustan, 1994 (14) PTC 287 (Del))

29. Mr. Parikh commends caution in too slavish an adoption of any such principle. This is not, he says, an absolute or invariable standard. Between a case of an actual consent by a plaintiff at one end and a case where a plaintiff simply did not know of the infringing use, but suffered some delay in asserting his rights, there are certainly more than fifty shades of grey; fact-specific considerations are not to be ignored. When, therefore, Mr. Kamath invokes the decision of a Division Bench of this Court in Schering Corporation and Ors. v Kilitch Co. (Pharma) Pvt. Ltd. (PTC (Suppl) (2) 22 (Bom.) (DB))he overlooks the cautionary words used in

paragraph 20:

20. The principles enunciated by the single Judge of the Delhi High Court, in our opinion, are a complete answer to the defendants plea on the ground of delay. Once it is established that there is visual and phonetic similarity, and once it is established that the defendants adoption of the trade mark is not honest or genuine, then the consideration of any plea as to delay must be on the basis of a consideration whether there has been such delay in the matter as has led the defendants to assume that the plaintiffs have given up their contention and/or whereby the defendants have altered their position so that it would be inequitable to grant interim relief to stop them from using the trade mark till the suit is decided?

(Emphasis added)

30. There is, therefore, Mr. Parikh submits, the additional burden that the Plaintiff here must discharge in showing dishonesty and mala fides in adoption of the rival mark. This has not been done. Further, the Plaintiff must also show that it did not act in such a way as to lead the 1st Defendant reasonably to assume that the Plaintiff had given up its contention. This the present Plaintiff cannot possibly do, he says, and I think he is right. The averments in paragraphs 22 and 23 of the Plaint and the wholly egregious nondisclosure of vital facts that were clearly to the Plaintiff s knowledge, including most important its knowledge that the 1st Defendant intended and actually continued use of the rival mark, cannot possibly be without consequence. Even paragraph 63 of the Division Bench judgment of this Court in Aktiebolaget Volvo v Volvo Steels Limited, (1998 PTC (18) (DB) on which too Mr. Kamath relies, is actually against says Mr. Parikh, and I think with some quite considerable justification:

63. So far as the point of acquiescence is concerned, we do not find any material on record to hold against the plaintiffs. There is no material to show that the plaintiffs in any way encouraged or deliberately and knowingly permitted the defendants to use the name Volvo. Looking to the status and reputation of the plaintiffs to which we will make a reference hereinafter we do not consider it probable at all that despite knowledge the plaintiffs allowed the defendants to use

the name right from 1990. On the contrary the moment the plaintiffs came to know about the use of name Volvo by the defendants they have immediately moved the court. On the basis of the legal position in this behalf as enunciated by the case cited and referred to by us, we are of the opinion that the plaintiffs cannot be declined the reliefs on the alleged ground of delay or acquiescence.

(Emphasis added)

31. The factors that weighed with the Volvo court cannot possibly be invoked in this case.

32. Mr. Parikh says that if ever there was a clear case of acquiescence, this is it. He points out, for instance, that not only is there flagrant suppression in the Plaint and a complete falsehood about non-receipt of the reply to the Plaintiff s first notice, a matter not without significance, but by that reply the 1st Defendant in effect put the Plaintiff to notice that it intended to continue using the rival mark. The Plaintiff did not respond. It filed no suit. It took no action. It sat idly by while the 1st Defendant continued to grow its business. The explanation in paragraph 23 is, he says, no explanation at all. The Plaintiff omits mention of the fact that the 1st Defendant had served on the Plaintiff caveats both in the Bombay High Court and Calcutta High Court fully anticipating at that time, seven years before the suit was filed, that the Plaintiff would move against the 1st Defendant. Yet the Plaintiff did not act.

There is no mention in the Plaint either of the Plaintiff s abandonment of its opposition to the 1st Defendant s registration application, a fact that, on its own shows that the Plaintiff knew throughout of the 1st Defendant s use of the rival mark but sought no injunctive relief. Today, when the 1st Defendant s volumes of domestic and international sales are high, it would, Mr. Parikh says, be wholly inequitable to grant the kind of injunction Mr. Kamat seeks. I think Mr. Parikh is right on all counts.

33. Mr. Parikh invites me to consider the Supreme Court decision in M/s. Power Control Appliances and Ors. v Sumeet Machines Pvt. Ltd. (1994) 2 SCC 448)with him. That decision, of 1994, referred to and followed the decision of the UK Court

of Appeals in Electrolux LD v Electrix LD. (1954 RPC 23.)That in turn cited the very old decision of Fry J (as he then was) in Willmott v Barber ((1880) 15 Ch D 96 : 43 LT 95)on the so-called five-fold test to establish acquiescence. That was not a case in infringement and passing off at all, but its principles were invoked in trade mark cases and passed into received wisdom. But, correctly read, Power Controls does not support the principle that Mr. Kamath now advances, submits Mr. Parikh, for it said in paragraph 26:

26. Acquiescence is sitting by when another is invading the rights and spending money on it. It is a course of conduct inconsistent with the claim for exclusive rights in a trade mark, trade name etc. It implies positive acts; not merely silence or inaction such as is involved in laches. In Harcourt v. White 28 Beav 303 Sr. John Romilly said: It is important to distinguish mere negligence and acquiescence. Therefore, acquiescence is one facet of delay. If the plaintiff stood by knowingly and let the defendants build up an important trade until it had become necessary to crush it, then the plaintiffs would be stopped by their acquiescence. If the acquiescence in the infringement amounts to consent, it will be a complete defence as was laid down in Mouson and Co. v. Boehm (1884) 26 Ch D 406. The acquiescence must be such as to lead to the inference of a licence sufficient to create a new right in the defendant as was laid down in Rodgers v. Nowill (1847) 2 De GM and G 614 : 22 LJ kCh 404.

34. When Mr. Parikh says that everything in this paragraph applies squarely to the Plaintiff, I am inclined to agree. The Plaintiff sat by. Its conduct is inconsistent with its claim for exclusivity. With full knowledge and notice of the 1st Defendant s intentions, avowed unequivocally in the 1st Defendant s attorneys reply to their first cease and desist notice, the Plaintiff stood by and allowed the 1st Defendant to build its trade until the Plaintiff felt it necessary to crush it. This passage also tells us that in given circumstances acquiescence can indeed amount to consent, even inferentially. It is therefore incorrect to suggest that the positive act so often mentioned in the context of acquiescence is an actual green light. If that were so, there would be no distinction at all between consent and acquiescence.

35. So it is with good reason that Mr. Parikh turns for support to the later Supreme Court decision in Khoday Distilleries Ltd v Scotch Whisky Association and Ors. (2008 (37) PTC 413 (SC) : (2008) 10 SCC 723)The law has travelled from Willmott v Barber, Electrolux and Power Control: (Paragraph numbers follow the SCC report.)

44. The development of law was also noticed by the Court of Appeal in Habib Bank Ltd. v. Habib Bank A.G. Zurich [(1981) 1 WLR 1265 : (1981) 2 All ER 650 (CA)], WLR at pp. 1283-84, in the following terms:

We were again referred to many authorities on this subject and to the debate which has taken place as to whether, in order to succeed in a plea of acquiescence, a defendant must demonstrate all the five probanda contained in the judgment of Fry, J. in Willmott v. Barber [(1881-85) All ER Rep Ext 1779 : (1880) 15 Ch D 96] : see the recent judgment of Robert Goff, J. in Amalgamated Investment and Property Co. Ltd. v. Texas Commerce International Bank Ltd. [1982 QB 84 : (1981) 3 WLR 565 : (1981) 3 All ER 577 (CA)] Whether all five of those probanda are necessary or not, Mr Aldous submits that to succeed HBZ must at least establish three things. They must show, first, that HBZ have been acting under a mistake as to their legal rights. That, in the instant case, must mean that they were unaware that what they were doing (that is to say, carrying on their business under the name in which they had been incorporated with the active assistance of the plaintiffs predecessors), constituted any invasion of the plaintiffs rights. Secondly, they must show that the plaintiffs encouraged that course of action, either by statements or conduct. Thirdly, they must show that they have acted upon the plaintiffs representation or encouragement to their detriment.

45. Noticing various other decisions, Oliver, L.J., noticing a decision in Taylors Fashions Ltd. v. Liverpool Victoria Trustees Co. Ltd. [1982 QB 133 : (1981) 2 WLR 576 : (1981) 1 All ER 897] opined [Ed.: Quoting from Taylors Fashions Ltd. v. Liverpool Victoria Trustees Co. Ltd., (1981) 1 All ER 897, pp. 915j-916a.] : (Habib Bank case [(1981) 1 WLR 1265 : (1981) 2 All ER 650 (CA)] , All ER p. 666h-j)

Furthermore, the more recent cases indicate, in my judgment, that the application of the Ramsden v. Dyson [(1866) LR 1 HL 129 (HL)] principle (whether you call it

proprietary estoppel, estoppel by acquiescence or estoppel by encouragement is really immaterial) requires a very much broader approach which is directed rather at ascertaining whether, in particular individual circumstances, it would be unconscionable for a party to be permitted to deny that which, knowingly, or unknowingly, he has allowed or encouraged another to assume to his detriment than to inquiring whether the circumstances can be fitted within the confines of some preconceived formula serving as a universal yardstick for every form of unconscionable behaviour.

It was held: (Habib Bank case [(1981) 1 WLR 1265 : (1981) 2 All ER 650 (CA)] , All ER p. 668c-e)

I have to acknowledge my indebtedness to counsel on both sides for some illuminating arguments, but at the end of them I find myself entirely unpersuaded that the judge erred in any material respect. He concluded his judgment in this way on the question of estoppel:

Of course, estoppel by conduct has been a field of the law in which there has been considerable expansion over the years and it appears to me that it is essentially the application of a rule by which justice is done where the circumstances of the conduct and behaviour of the party to an action are such that it would be wholly inequitable that he should be entitled to succeed in the proceeding.

That, to my mind, sufficiently appears on the facts of this case.

Thus, in cases involving equity or justice also, conduct of the parties has also been considered to be a ground for attracting the doctrine of estoppel by acquiescence or waiver for infringement.

(Emphasis added)

36. Should we be of a mind to go back several years to Power Control, we should find there in paragraph 28 a principle at no very great remove from this statement of the law, one that does not in the least support Mr. Kamath s formulation before me today: (Paragraph numbers are from the SCC report.)

28. In Devidoss and Co. [AIR 1941 Mad 31 : (1940) 2 MLJ 793 : ILR 1941 Mad 300] at pages 33 and 34 the law is stated thus:

To support a plea of acquiescence in a trade mark case it must be shown that the plaintiff has stood by for a substantial period and thus encouraged the defendant to expend money in building up a business associated with the mark. In Rowland v. Michell [(1896) 13 RPC 464] Romer J. observed:

If the plaintiff really does stand by and allow a man to carry on business in the manner complained of to acquire a reputation and to expend money he cannot then after a long lapse of time, turn round and say that the business ought to be stopped.

...

Dealing with the question of standing by in Codes v. Addis and Son [(1923) 40 RPC 130, 142] at p. 142, Eve, J. said:

... But I must assume also that they have not, during that period, been adopting a sort of Rip Van Winkle policy of going to sleep and not watching what their rivals and competitors in the same line of business were doing. ... But the question is a wider question than that: ought not he to have known; is he entitled to shut his eyes to everything that is going on around him, and then when his rivals have perhaps built a very important trade by the user of indicia which he might have prevented their using had he moved in time, come to the Court and say : Now stop them from doing it further, because a moment of time has arrived when I have awakened to the fact that this is calculated to infringe my rights. Certainly not. He is bound, like everybody else who wishes to stop that which he says is an invasion of his rights, to adopt a position of aggression at once, and insist, as soon as the matter is brought to Court, it ought to have come to his attention, to take steps to prevent its continuance; it would be an insufferable injustice were the Court to allow a man to lie by while his competitors are building up an important industry and then to come forward, so soon as the importance of the industry has been brought home to his mind, and endeavour to take from them that of which they had legitimately made use; every day when they used it satisfying them more and

more that there was no one who either could or would complain of their so doing. The position might be altogether altered had the user of the factor or the element in question been of a secretive or surreptitious nature; but when a man is openly using, as part of his business, names and phrases, or other elements, which persons in the same trade would be entitled, if they took steps, to stop him from using, he gets in time a right to sue them which prevents those who could have stopped him at one time from asserting at a later stage their right to an injunction.

...

Delay simpliciter may be no defence to a suit for infringement of a trade mark, but the decisions to which I have referred to clearly indicate that where a trader allows a rival trader to expend money over a considerable period in the building up of a business with the aid of a mark similar to his own he will not be allowed to stop his rival s business. ... No hard and fast rule can be laid down for deciding when a person has, as the result of inaction, lost the right of stopping another using his mark. As pointed out in Rowland v. Michell [Rowland v. Michell, (1897) 14 RPC 37, 43] each case must depend on its own circumstances, but obviously a person cannot be allowed to stand by indefinitely without suffering the consequence.

37. No portion of this legal position could ever be said to be inapplicable to the present Plaintiff, Mr. Parikh correctly says, and then proceeds to refer me to a judgment I delivered in Unichem Laboratories Ltd. v Eris Life Sciences Pvt. Ltd., (Notice of Motion (L) No.1852 of 2014, decided on 7th October 2014.)where the issue was also raised. If the Plaintiff knew of the 1st Defendant s adoption and use of the mark since 2002 or 2003 and chose not to act till 2010, then there is certainly a ground made out in acquiescence. (Yonex Kabushiki Kaisha v Philips International and Anr., 2007 (35) PTC 345 (Del.))

38. Perhaps it is time to rid ourselves once and for all of this strange conflation of delay and acquiescence, and of this habit of saying that since mere delay is no reason to refuse an injunction that is otherwise warranted, therefore there can be no acquiescence; and, too, of this equally fallacious notion that when we speak of a positive act in the context of acquiescence in intellectual property, we mean and mean only some sort of pinpointed go-ahead. If that were so, there would be no

distinction between consent and acquiescence. The latter is a species of estoppel, and for that reason, it is both a rule of evidence and a rule in equity. It is an estoppel in pais, and this only means that a party is prevented by his or her own conduct from obtaining the enforcement of a right which would operate to the detriment of another who justifiably acted on such conduct. This type of estoppel differs from an estoppel by deed or by record which, as a result of the language set out in a document, bars the enforcement of a claim against a party who acted in reliance upon those written terms. Courts adopt estoppel in pais when a contradictory stance stands unfair to another person who relied on the original position. What was the 1st Defendant here to make of the Plaintiff s failure to sue after it served a cease and desist notice? After it served caveats and no suit followed? After the Plaintiff abandoned its opposition to the 1st Defendant s registration application and allowed the 1st Defendant s mark to proceed to registration? Acquiescence means assent to an infringement of rights, either express or implied from conduct, by which the right to equitable relief is normally lost. It takes place when a person, with full knowledge of his own rights and of any acts which infringe them, has either at the time of infringement or after infringement, by his conduct led the persons responsible for the infringement to believe that he has waived or abandoned his rights.(Earl Jowitt, The Dictionary of English Law, 2nd ed.) It literally means silent assent. It imports placid consent, concurrence, acceptance, or assent. (Vidyavathi Kapoor Trust v Chief CIT, (1992) 194 ITR 584 (Kant))The equitable doctrine of acquiescence may be taken to be that if a party having a right stands by and sees another dealing with the property in a manner inconsistent with that right and makes no objection while the act is in progress, he cannot afterwards complain. (Rukmini Ama Sardamma v Kallyani Sulochana, AIR 1993 SC 1616)A proprietor of the trade mark who knowingly watches his competitor grow in the market and takes no action can claim no exclusivity in his own trade mark. He is deemed to have affirmed his rival s use of the mark in question. If the owner of a registered trade mark stands by and allows a man to spend considerable amounts on sales and promotional activities in order to acquire a reputation, he cannot then assert his rights in order to stop the business of another. Where acquiescence in the infringement amounts to consent, it is a complete defence. (Unichem Laboratories Ltd v Eris Life Sciences Pvt Ltd.,

supra.)

39. It is equally a mistake, I think, to suggest that the law relating to the grant of interim injunctions is somehow displaced and has no application to cases of infringement or passing off or both. Nothing in law suggests this; no authority points to this. All point to the contrary, including Power Control itself, which, in paragraphs 33 to 35 powerfully rearticulates the well-established principles that govern the grant of interim injunctions. It is only necessary to note the reaffirmation of the Supreme Court decision in Wander Ltd v Antox India P. Ltd. (1990 Supp SCC 726)and the imperative to preserve in status quo the rights of the parties which may appear on a prima facie case. In granting a restraint order, the Court will also consider whether the defendant is yet to commence his enterprise or whether he has already been doing so; if the latter, considerations somewhat different from those in the former situation are attracted. Clearly, equities and special equities are not irrelevant in considering injunction applications in trade mark cases. (Neon Laboratories Limited v Medical Technologies Limited and Ors., (2016) 2 SCC 672)

40. Mr. Parikh puts it thus: on the facts of this case, it was the 1st Defendant who put the Plaintiff to notice of the 1st Defendant s intention to continue using the mark complained of. Everything that the Plaintiff did thereafter, or, more importantly, did not do, was at the Plaintiff s peril. Its inaction and lack of any effective steps to halt the 1st Defendant in its tracks was encouragement enough. The 1st Defendant grew and expanded its business. It did so right under the Plaintiff s nose. It was not till seven years after it received the 1st Defendant s reply or counter-notice that the Plaintiff finally moved this Court. That, Mr. Parikh says, and I must agree, is far too late.

41. Mr. Parikh is also justified in his reliance on the observations of the Supreme Court in paragraph 35 of Cadila Health Care Ltd v Cadila Pharmaceuticals Ltd. (Supra)in the context of the claim in passing off. As the Supreme Court said, one must have regard not only to the nature of marks and their decree of similarity but also to the nature of goods, the similarity in the nature, character and performance of rival traders, the class of purchasers, their education intelligence and decree of

care, mode of purchasing the goods and of surrounding circumstances. I very seriously doubt that any of the Plaintiff s customers would ever be mistaken or cast into a state of wonderment at seeing the 1st Defendant s kitchenware or drinking glasses. The Court s perspective must be that of an ordinary man, the quidam consumer or customer: reasonable, albeit unwary, not one who is overly punctilious, nor the rushed individual of immoderate understanding. (Evergreen Sweet House v Ever Green and Ors., 2008 (38) PTC 325 (Del); Klas Tape Company v Vinod Hardware Stores and Ors., 2010 (118) DRJ 403; PP Jewellers Pvt Ltd and Anr. v PP Buildwell Pvt Ltd, (2010) 169 DLT 35 (DB); Skol Breweries v Unisafe Technologies, (2010) 173 DLT 453. The regrettable and unfortunate phrasing in question, is of course, from the dictum of Foster J in Morning Star Cooperative Society v Express Newspapers, [1979] FSR 113. It was used again in the same year by Denning LJ in Newsweek Inc v British Broadcasting Corp [1979] RPC 441.)

42. Both parties have registrations. Between them, therefore, the exclusive right to use the trade mark is unavailable one against the other. This is the more so where a plaintiff has not opposed or, having opposed, has abandoned its opposition to the defendant s registration application. Concurrent registration will not, of course, prevent a plaintiff from seeking a relief in passing off. That is an action in deceit. Its three probanda are goodwill, misrepresentation and damage to goodwill. (S. Syed Mohideen v P. Sulochana Bai, (2016) 2 SCC 683)In a given case, if both plaintiff and defendant are registered proprietors and, for that reason, no relief in infringement is available to the plaintiff, is relief in passing off to be granted to such a plaintiff merely because the defendant is using his registered mark? Or must there be some additional material shown in relation to the defendant s use of his own registered mark but distinctly decipherable from the mark itself: his choice of colours, fonts, presentation, prominence of a particular feature and so on? I do not believe that the law requires that, as between two registered proprietors, relief in passing off one against the other must follow axiomatically. The action in passing off is certainly maintainable, just as the action in infringement is not. But the essence of passing off , as the term itself implies, is masquerade, deception, misdirection; of the three established probanda, it is misrepresentation that is the keystone. This means misrepresentation as to ownership, source and a shared

origin and provenance. Y has obtained registration of a mark that is, for illustration, very similar to that of X, also a registered proprietor. Neither can sustain an action in infringement against the other. But to obtain relief in passing off against Y, X must show something more than the existence of Y s registration. X must show that Y is misrepresenting his products as those of X, or as those likely to have emanated from X. How this is demonstrated is, necessarily, fact-dependent; but it is clearly not sufficiently demonstrated by pointing only to the existence of a registration of a rival mark. This is where the Cadila test comes into play. In this case, that test is not met.

43. Similarly, the establishing of a good prima facie case is but one part of the raft of considerations that a Court of equity must weigh in the balance. The test of the prima facie is not the beginning and end of the matter. A given defendant may not be able to show acquiescence. On a fuller consideration after a trial is complete and all evidence is taken, his defence may even fail. But he is surely entitled to say that equity demands that injunctive relief be denied at the interim or ad-interim stage; and that, should the plaintiff succeed, compensation can always be ordered. We often do this even in cases under trade mark law when we direct only that a defendant should maintain accounts but deny the injunction. What is this except the acceptance of a supervening principle of equity? There are, inter alia, the tests of balance of convenience and irretrievale prejudice, questions of special equities, that govern the interlocutory applications generally. There is no reason to jettison these merely because the action is in trade mark law. In assessing any such case, whether founded in infringement or passing off or both, a Court considers not just the privileges and protection of exclusivity afforded by statute and common law to a claimant but also, and perhaps even more importantly, the greater public good: healthy and fair commercial competition, the avoidance of unjustified monopolies, and the paramount interest of the unsuspecting consumer of goods and services. Mr. Parikh therefore correctly relies on the decision of the Supreme Court in M/s. Gujarat Bottling Co. Ltd. and Ors. v Coca Cola Company and Ors. (AIR 1995 SC 2372)for the proposition that the grant of injunctions is a purely equitable relief. A vital consideration in equity, one that I imagine is unyielding, is that the party seeking an injunction should be free from blame in its approach to the Court. This Plaintiff is not.

44. In my view neither on equity nor on law has any case been made out for the grant of an injunction. The Notice of Motion is dismissed. There will no order as to costs.

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