

Vardhman Properties Ltd. Ca+ Vs. Vardhman Developers and Infrastructures

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Court : Delhi

Decided On : Jan-14-2010

Reported in : 166(2010)DLT782; LC2010(1)292

Judge : S. Ravindra Bhat, J.

Acts : Trademarks Act - Sections 29, 29(1) to 29(3), 29(4) and 29(5)

Appeal No. : CS (OS) 1410/2006, I.A. Nos. 7674/2006, 8107/2006 and 6319/2008

Appellant : Vardhman Properties Ltd. Ca+

Respondent : Vardhman Developers and Infrastructures

Advocate for Def. : Neeraj Kishan Kaul, Sr. Adv., ; Sagar Pathak, ; Bhuwan Mish

Advocate for Pet/Ap. : Sanjay Goswami, Adv

Judgement :

S. Ravindra Bhat, J.

I.A. Nos. 7674/2006, 8107/2006 & 6319/2008

1. The plaintiff in the suit, claims permanent injunction to restrain the defendant from using its name and trademark 'VARDHAMAN GROUP' and 'VARDHAMAN'. The plaintiff also seeks other consequential reliefs, such as compensation, decree for accounts, and so on.

2. The plaintiff says that its associate companies are known as the VARDHAMAN GROUP, and are real estate developers, engaged in that business, since 1982; it is submitted that the plaintiff company and its associates are involved in building projects; in the Delhi and NCR region, the group is involved in building projects, including malls, plazas, commercial complexes, etc. According to the averments, the projects are about 250 in number. It is also stated that the trademark registration for the VARDHAMAN GROUP and logo under the Trademarks Act (hereafter 'the Act') were applied for by the plaintiff, on 18-9-1998 and 2-7-2000; the marks were registered on 21-4-2005 and 11-1-2005; the plaintiff relies on copies of registration certificates, issued in this regard, by the Trademark Registry, for the purpose.

3. The plaintiff claims to becoming aware of the defendant company recently, through advertisements issued on the latter's behalf, in the print media, and that it was incorporated only recently, in October, 2005, with an authorized capital of Rs. 20 lakh and paid up capital of Rs. 1 lakh. The plaintiff submits that the use of VARDHAMAN, by the defendant, in relation to its business, which is the same as its (the plaintiffs) not only is likely, but actually causes confusion amongst members of the public, leading to their being deceived into believing that the defendant is part of the plaintiff's group. The plaintiff submits that the defendant's use of VARDHAMAN, both as its trade or corporate name, as well as for its logo, as a mark, amounts to infringement.

4. The plaintiff speaks of its widespread and well-established reputation, by relying on copies of annual reports of its company, for various years, including 1998-99 to 2004-2005, as well as copies of its brochures and advertisements, issued from time to time. It says that its business has grown manifold; its turnover was Rs. 30 crores, when the suit was filed. The plaintiff submits, that its advertising and publicity expenses were to the tune of Rs. 246 lakhs; it claims to having selling agents and a sales network spread across several states, and that its networth, as on 31-3-2006, was over Rs. 90 crores.

5. The plaintiff submits that unless an ad-interim injunction is granted, it would be put to irreparable prejudice, because its reputation and goodwill would be injured

beyond repair, as the defendant would be free to use the trademark, and its corporate name, unimpeded, thus causing confusion among members of the public, since both parties deal in the same services, i.e. building and construction. It is submitted that the plaintiff's right to enforce its statutory remedy for infringement, of its registered trademark, under the Act, is undeniable. The defendant's use of the mark is plainly dishonest, since it incorporated only in the year 2005; before that, it carried on business in real estate consultancy and booking properties. It entered into the real estate development business and started using the VARDHAMAN mark, fully aware that the plaintiff is registered proprietor of such trademark, with exclusive rights. It is emphasized that by virtue of Section 29, there is no doubt about the fact that as registered trademark proprietor, the plaintiff should be protected from attempts by other traders and businessmen, trying to ride on its reputation, both in respect of the mark, as well as trade or corporate name.

6. The defendant contends, while resisting the suit, and the applications for injunction, that the plaintiff has withheld and suppressed material facts from the Court, pertaining to a pending suit, CS (OS) 2160/2000, in which, on 10-9-2000, the Court made an interim order. The suit was a trademark infringement action, against the present plaintiff (who is arrayed as defendant in that suit) to restrain it from using the words HOUSE OF VARDHAMAN, and VARDHAMAN GROUP, etc. The Court restrained the plaintiff:

from using the mark/brand name 'Vardhman Group' or 'House of Vardhman', for any product or service in relation to any activity thereby amounting to passing off, or from holding out to the public that they are in any way connected with the plaintiff... and by extension the Vardhman group of Companies.

7. The defendant says that the above order of the Court, was later confirmed, and is subsisting; it was the same position, when the present suit was filed. The defendant further points out that the plaintiff is prevented, and estopped from contending or claiming exclusive rights, in relation to the VARDHAMAN mark, or logo, or trade name, in view of the defence taken by it (the plaintiff) in the said pending suit. The defendant extracts the following chart of averments, in the above

suit; it is part of its written statement in the present suit:

Averments of Vardhman

Properties Limited (defendant) in CS (OS) No. 2160/2000

Averments of Vardhman

Properties Limited (plaintiff) in the present suit

. That 'VARDHMAN' is not an invented name.

. It is the name of a Jain God.

. The name is 2600 years old.

. The name is being used ever since the birth of Lord Vardhman more than 2600 years ago.

. Jains and their followers worship the Lord 'VARDHMAN' on all pious occasions, as well as on the day of Diwali or at start of their new business etc.

. Under the Constitution of India, every citizen of India has a fundamental right to worship their gods, and as such, nobody can claim monopoly in any name, which has common usage and also is religious in nature. The names like Vardhman, Shiva, Jai Mata Di, Rama, Ganesha etc. are by their very nature common names and cannot be monopolized. As mentioned in Para 3 of Preliminary Objections.

. The ... said word (Vardhman) is a general (generic), or a common word, to which plaintiff cannot claim monopoly.... As mentioned in Para 4 of Preliminary Submission.

. The word Vardhman being a religious word cannot be distinctive of any particular class of goods and cannot be monopolized by a single person, to the exclusion of the other followers of Jainism. As mentioned in Para 8 Preliminary

The brand name VARDHMAN is, thus, an essential component name of corporate identity of the plaintiff company and the Vardhman Group of companies of which

the plaintiff company is a part and therefore the plaintiff company and by the extension the Vardhman Group of Companies possess and enjoy exclusive rights in the work/mark/logo/brand name VARDHMAN in relation any product, good, service or as a business trade name or corporate identity by virtue of prior use of mark, by virtue of registration, by virtue of it being a highly distinctive word, not used in common parlance.

As mentioned in Para 5, 21, 25, 26, 29.

Objection.

. There are at least more than 233 companies registered all over India by the name of 'Vardhman' with the Registrar of Companies, under the Companies, 1956.... As mentioned in Para 8 of the written statement.

8. It is submitted by the defendant that the word VARDHAMAN even according to the plaintiff's showing is used widely, by as many as 230 companies and concerns, and has special significance to Jains, as it is the name of one of their gods, whom they revere. The defendant contends that no one can claim exclusivity to such name, stating that he alone should use it as a trade mark or trade name.

9. It is submitted, by the defendant, that the plaintiff had every means of acquainting itself that the defendant was using the VARDHAMAN name and logo for its business, which was done openly, and honestly. The defendant's senior counsel alludes to advertisements made in trade and construction journals, in 2005, on behalf of the defendant, and says that the plaintiff's advertisements and promotional write ups used to appear in the same issues. Therefore, says the defendant, even if the plaintiff were assumed to have established some rights over the mark, its silence in not protesting to the defendant's use, since 2004-2005 amounts to acquiescence, and disentitles it to any injunction. It is emphasized that the duty to disclose material facts could not have been ignored by the plaintiff, who deliberately did not mention anything in the suit, or the injunction application, in this case, about the subsisting injunction granted against it, in the previous suit, CS (OS) 2160/2000. Even though it may have a subsisting registration, this Court should not grant an ad-interim order. The defendant also mentions about its

application for cancellation of the plaintiff's trademark, which, it states, is pending with the Trademark Registry; it is said that the ground urged in support of that application is the non-disclosure of injunction in the previous suit, by the plaintiff, in the application made by it, for registration of its marks. Lastly, it is urged that the defendant too, has been using the mark and name VARDHAMAN, since 1998; reliance is placed on some documents, for this purpose. It is argued that the defendant's business at that stage, was allied, and related to real estate consultancy, booking, etc.

10. The previous discussion would reveal that the plaintiff was granted registration for the VARDHAMAN marks in 2005, with effect from 1998. The plaintiff company was incorporated in 1986; it relies on several annual reports, and other documents, to establish its continuous use of the mark, as well as considerable expenditure made by it to promote its business. The defendant, on the other hand, also urges that it was using the mark previously, in relation to cognate business.

11. The defendant's position also is that the plaintiff is disentitled to injunctive relief on account of non-disclosure of material facts pertaining to the previous suit and subsisting injunction granted by the Court, in it. Further defence is that the trademark is incapable of distinctiveness, according to the plaintiff's showing itself; a species of estoppel by pleadings is argued for this purpose. Lastly, the defendant submits that it is prepared to use the impugned mark with a disclaimer that it is not associated with the plaintiff.

12. Now it is apparent that the plaintiff is a registered proprietor of the mark in relation to the building and construction industry under the relevant class. It is also equally a fact that it was enjoined from using the term 'VARDHAMAN GROUP' and use of 'HOUSE OF VARDHAMAN' - that interim injunction is subsisting in the pending proceedings. The significant aspect here is that the plaintiff in that suit was not engaged in construction business but in textile and clothing. That the enactment of the Trademarks Act, 1999, which was brought into force in the year 2005, the Parliament has articulated clear standards for infringement, by dilution of trademarks possessing distinctiveness, is a matter of fact.

13. The concept of dilution had previously been evolved on a case-to-case basis by the Courts in India, as a result of which there was a kind of nebulousness and flexibility in its application. With the advent of Section 29, which articulates the right to registered trademark proprietor to sue for infringement, the statutory remedies are delineated with more clarity. Sections 29(1) to (3) of the Act, deal with infringement of trademarks, by the use of similar or identical marks (by the alleged infringer), in relation to same or similar goods or services. Significantly, Section 29(3) mandates the presumption ('shall') in relation to such class of infringement. However, infringement arises in relation to dissimilar goods or services only if certain essential ingredients are proved, i.e. (1) the senior mark being a registered; (2) the identity or close similarity of the junior mark with that of the registered proprietor's; (3) the existence of a distinctive reputation of the registered proprietor's mark's; (4) use of the mark by the junior mark or the infringer in relation to dissimilar goods or services; (5) that such use being without due or reasonable cause; and (6) the use by the infringer causing detriment to the registered proprietor. Section 29 (4) is extracted pertinently for this purpose:

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29(4) A registered trade mark is infringed by a person who, not being a registered proprietor or a person using by way of permitted use, uses in the course of trade, a mark which

(a) is identical with or similar to the registered trade mark; and

(b) is used in relation to goods or services which are not similar to those for which the trade mark is registered; and

(c) the registered trade mark has a reputation in India and the use of the mark without due cause takes unfair advantage of or is detrimental to, the distinctive character or repute of the registered trade mark.

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Significantly, Parliament has not extended the presumption of infringement to these classes of civil action, i.e. dilution and tarnishment of registered marks.

14. In relation to infringement of trademarks on account of use of similar corporate or trade-names too, Parliament has articulated a clear standard in Section 29(5); such class of statutory infringement was not provided for previously-explicitly. The said provision reads as follows:

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29(5) A registered trade mark is infringed by a person if he uses such registered trade mark, as his trade name or part of his trade name, or name of his business concern or part of the name, of his business concern dealing in goods or services in respect of which the trade mark is registered.

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15. As is evident, the essential condition for trademark infringement through use by the alleged infringer, of a trade-name or corporate name or part of it is that he or his business concern should deal in goods or services 'in respect of which trademark is registered'. Unlike in the case of main part of Section 29, i.e. the trademark infringement in respect of similar goods and services [where presumption exists by virtue of Section 29(3)], once similarity or identity is established, here, however, no presumption exists. The primary concern obviously in the case of trademark infringement, through dilution and trademark infringement, through use of similar or corporate trading names was to ensure that these two species were treated differently - therefore, the necessity of separate standards and the absence of any presumption on trademark infringement.

16. Now, on a facial application of the above principles, it would be apparent that the plaintiff in the previous case had alleged trademark infringement by the present plaintiff - arrayed as a defendant - on account of use of a similar corporate name. Concededly, the new Trademarks Act had not come into force. The Court, on an application of then existing standards, mandated a conditional order whereby the present plaintiff was prevented from using 'VARDHMAN' in conjunction with other expressions to denote any linkage with the plaintiff in that case. This point of distinction is important because with the enactment of the Act and its being brought into force in 2005, a new development has taken place.

Another detail which cannot be ignored here is that the plaintiff's applications for registration, though made in 1998 and 2000, were granted in 2005; they relate back to the date of such applications. Therefore, this Court cannot be unmindful of the fact that as on the date when the present suit was filed, the plaintiff is indeed the registered trademark proprietor in relation to the marks, which are the subject matter of the present suit. Lastly, the plaintiff there was dealing with textiles; and the defendant (present plaintiff) in construction industry.

17. As to what are the standards applicable to such actions claiming infringement is no longer open to debate; they have evolved and applied through a series of decisions of the Supreme Court and other High Courts in India, starting with the judgment reported as *Kaviraj Pandit Durga Dutt Sharma v. Navratna Pharmaceutical Laboratories* : AIR 1965 SC 980; *Corn Product Refinding Co. v. Shangrila Food Products Ltd.* : AIR 1960 SC 142; *Amritdhara Pharmacy v. Satya Deo Gupta* : AIR 1963 SC 449 onwards.

18. That use of the word 'VARDHMAN' by the defendant without a prefix or suffix, or any other dissociative mark, which would distinguish it from the plaintiff's corporate name and trademarks, would undoubtedly, tend to confuse and deceive unwary customers into believing that its company or services are linked with the plaintiff's. The plaintiff has, in this Court's opinion, *prima facie* established long usage, at least since 1998-99, till date, of the mark and the corporate name. The defendant does not dispute that the plaintiff was incorporated in 1986 or that it is engaged in an identical business activity, i.e. building and construction business. In these circumstances, when both the parties are engaged in the same trade, the likelihood of confusion is not only great but logical and natural. Such confusion is also likely as apparent from the facts of the case since the plaintiff urges that it has several sister concerns in relation to specific projects. The defendant, on the other hand, was not primarily engaged in property construction or building business, and has entered it only in 2005. The claims by its use of the said mark pertained to allied services, such as booking, real-estate consultancy etc.

19. As far as the defendant's claim that the plaintiff is estopped by pleadings is concerned (on account of its averments in the previous pending suit), this Court is

of the opinion that the later development of the plaintiff's acquiring trademark registration in 2005, the enactment, bringing into force of the new Act, in 2005, and the fact that in this case, both parties are engaged in the same business (as opposed to the plaintiff in the other pending case who is engaged in the textile business), provide a sufficient answer and constitute elements of distinction that the plaintiff can legitimately rely on. While there can be no dispute about the proposition that a litigant who approaches the Court for equitable relief has to do so with clean hands, at the stage where the Court is examining where the plaintiff is a registered trade mark proprietor - as in this case, the alleged non-disclosure is not as material, considering the overall circumstances of the case.

20. The argument by the defendant that the plaintiff could have acquainted itself about its (the defendant's existence) in support of which reliance is placed upon certain advertisements placed by both parties in the same journal is concerned, the Court is of the opinion that the standard for evaluating assessment by a plaintiff alleging infringement is quite different from that in relation to a passing-off action. Being possessor of a statutory right, the Courts have recognized that registered proprietors have some flexibility in assessing the level of threat perceived from infringers and are not expected to fight each and every alleged infringement or violation of their rights. It would be useful here to articulate the decision of the Supreme Court in *Midas Hygiene v. Sudhir Bhatia* 2004 (3) SCC 90 where it was held that in actions for injunction, based on infringement of registered trademarks, the Courts would be entirely wrong in refusing the relief merely on the basis of delay and laches. Acquiescence would classically arise where the registered proprietor knows his rights and also knows that the infringer is ignorant of them and does something to encourage infringer's misapprehension with the result that infringement continues upon such mistaken belief and the infringer worsens his position. However, in this case, the defendant is not urging lack of knowledge of plaintiff's mark; rather what is put forward is that it continued to advertise despite the plaintiff's statutory rights. Acquiescence prima facie does not arise in such situation because there is nothing showing the plaintiff's action, overt or otherwise encouraging defendant to continue using the mark.

21. On a consideration of all the above aspects, the Court is of the opinion that the plaintiff has established a prima facie case for grant of temporary injunctive relief sought for. According to the holding in Midas Hygiene (supra), once such a test is established in infringement actions, the Courts ordinarily should not withhold relief. In these circumstances, the applications for injunction are allowed. The defendant is hereby restrained from using the mark and word 'VARDHMAN' in relation to their trade or corporate name or the services offered by it or on its behalf by anyone else, so as to indicate a linkage with the plaintiff's corporate name or trademark. IA 7674/2009 is allowed in the above terms, in this view no orders are called for in IA 6139/2008.

22. So far as the application for rejection of the suit is concerned, the mere circumstance that the plaintiff has not disclosed the subsistence of a temporary injunction in the other action is insufficient for the Court to hold that in the ultimate eventuality of other elements of infringements or passing-off being proved, nevertheless, the plaintiff would be disentitled to relief. Equally, the Court is of the opinion that the suit or the documents do not reflect, facially, or otherwise, that the reliefs claimed are barred in law. Therefore, the application for rejection of the plaint, i.e. IA 8107/2006 is not maintainable; same is dismissed.

At the request of the defendants, this order shall not be operated for a period of two weeks to enable them to avail of remedies in respect of this order.

CS (OS) 1410/2006

The parties are directed to complete admission and denial through filing affidavit within four weeks. List before the Joint Registrar for scrutiny on 23rd March, 2010. List before the Court on 26th October, 2010, for framing issues.

A copy of this judgment be given dasti.