

Preme Vs. Ambujakshan

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Court : Kerala

Decided On : Nov-09-2005

Reported in : 2006(1)KLT905

Judge : R. Bhaskaran and; M. Sasidharan Nambiar, JJ.

Acts : Trade Marks Act

Appeal No. : F.A.O. Nos. 312 of 2004 and 23 of 2005

Appellant : Preme

Respondent : Ambujakshan

Advocate for Def. : K. Reghu Kottappuram, Adv.

Advocate for Pet/Ap. : T.M. Raman Kartha, Adv.

Disposition : Appeal dismissed

Judgement :

M. Sasidharan Nambiar, J.

1. O.S.No. 5/04 was filed before District Court contending that plaintiff is the owner and proprietor of a restaurant which serves food and beverages under the name and style 'Karimpunkala'. It was claimed that he was running the business and serving food and beverages in that name and style for the last several years and thereby acquired a good will and wide publicity and he is the owner of website www.Karimpunkala.com. It was also claimed that he participated in several food festivals and exhibitions and laurels and respondent is conducting toddy shop No. 22 on the side of M.C. Road, Kottayam and is passing off the food items in the name of Karimpunkala, after exhibiting the name Karimpunkala and respondent cannot be permitted to pass off the service in the trade mark of the petitioner. He sought a decree restraining respondent from using the name 'Karimpunkala'. Petitioner also contended that he had applied for registration of trade mark Karimpunkala before the Registrar of Trademarks, Chennai. Plaintiff filed I.A. 897/94 seeking an order of temporary injunction restraining defendant and his men from infringing trade mark of the plaintiff and also resorting to passing off action. Defendant resisted the petition by filing a counter affidavit contending that he is the licensee of T.S.22 at Karimpunkala Kottayam Range for the years 2002-03 and 2003-04 and is entitled to exhibit the name of the toddy shop and plaintiff is not entitled to get a decree restraining defendants from using trade mark Karimpunkala. It was contended that plaintiff does not own any registered trade mark and he is not entitled to the order of temporary injunction sought for. It was also contended that Karimpunkala is the name of a place and plaintiff is not entitled to get any exclusive claim over the name of the locality or place and defendant is not trying to imitate the trade mark owned by the plaintiff and plaintiff is not entitled to the temporary injunction sought for. Learned District Judge after marking eight exhibits on the side of the plaintiff and one exhibit on the side of the defendant, as per order dated 15.9.04 dismissed the petition

holding that no prima facie case was established. Plaintiff filed F.A.O.312/04 challenging the order in I.A.No. 897/04. Alleging that after the dismissal of I.A.897/04 defendant put up a Board by name Karimpunkala Family Restaurant on 18.9.04 with a malafide intention to pass off the service of the plaintiff and contending that defendant is not entitled to use the name of the trade mark of the plaintiff, he filed I.A. 1164/04 seeking an order of temporary injunction restraining the defendant from passing off the service of providing food and beverages in the name and style 'Karimpunkala Family Restaurant' or any deceptively similar name till the disposal of suit. Defendant resisted the petition by reiterating the contentions raised earlier and additionally contending that Karimpunkala is not a trade mark and is only a set of words which can be understood only as the name of the locality in Nattakam Village and in view of dismissal of I.A.897/04 plaintiff is not entitled to file another petition for the same relief. On the side of the plaintiff-petitioner 14 exhibits were marked and on the side of the defendant/respondent Ext.B1 copy of the licence issued by the Asst. Excise Commissioner, Kottayam was marked. The learned District Judge as per order dated 25.1.05 allowed the petition and granted an order of temporary injunction restraining respondent from passing off the service of providing food and beverages in the name and style 'Karimpunkala' Family Restaurant' or any other deceptively similar name till the disposal of the suit. Challenging that order defendant/respondent filed F.A.O.23/05. Plaintiff is the respondent in F.A.O.23/05 and defendant is the respondent in F.A.O.312/04. Both the appeals were heard together. In view of the order of temporary injunction granted in I.A.1164/04 which is challenged in F.A.O.23/05, plaintiff did not seriously challenge the order in I.A.897/04. The plaintiff hereafter is referred to as the appellant and the defendant as respondent for convenience.

2. The contention of the respondent is that the District Judge having dismissed I.A.897/04 should not have granted an identical relief which was rejected earlier and the order in I.A.1164/04 is not sustainable for that sole reason. It was also contended that respondent is admittedly the licensee of T.S.22 of Kottayam Range at Karumpunkala and Karimpunkala is not the exclusive trade mark of the appellant and instead is the name of a place and as it is the name of the toddy shop of the respondent, he is entitled to use that name and appellant is not entitled to question the same and therefore the order of temporary injunction granted is unsustainable. Appellant on the other hand contended that I.A.897/04 was dismissed for the reason that the grievance of the appellant in that application was that respondent is running a toddy shop and selling food items therein and the grievance is not against using the name of Karimpunkala for the toddy shop for selling food items therein and therefore appellant was not entitled to the order of temporary injunction and after dismissal of the petition respondent put up a Board to the restaurant run by him as Karimpunkala Family Restaurant and the attempt is to pass off the service rendered by the appellant in selling food items and beverages in the name of Karimpunkala and as the appellant has been running the hotel in that name for the last several years and acquired a good will and reputation, respondent is not entitled to pass off the said service or business by deceptive use of the trade name and learned District Judge rightly granted the order of temporary injunction in I.A.1164/04 and the order is perfectly correct and valid.

3. Before considering the respective merits of the case, the scope of an appeal preferred against an order of temporary injunction in respect of a passing off action granted by the District Judge has to be borne in mind. Usually the prayer for granting of an interlocutory injunction is at a stage when the existence of the legal right asserted by the plaintiff and its alleged violation are both contested and remain uncertain till they are established at the trial. At that stage the court acts on certain well settled principles of administration of this form of interlocutory remedy, which is both temporary and discretionary. The object of the interlocutory injunction is to protect the plaintiff against injury by violation of his rights for which he could not adequately be compensated in damages recoverable in the action, if the uncertainty were resolved in his favour at the trial. The need for such protection must be weighed against the corresponding need of the defendant to be protected against injury resulting from his having been prevented from exercising his own legal rights. The court must weigh one need against the other and determine, where the balance of convenience lies. The interlocutory remedy is intended to preserve status quo, the rights of parties which may appear on a prima facie case. The order of temporary injunction is temporary and discretionary. When an appeal is preferred challenging the exercise of discretion, the appellate court will not interfere with the exercise of discretion of

the court and substitute its own discretion, except where the discretion has been shown to have been exercised arbitrarily, or capriciously or perversely or where the court had ignored the settled principles of law regulating grant or refusal of interlocutory injunctions Apex Court in *Wander Ltd. v. Antox India (P) Ltd.* 1990 Supp.SCC 727 has held:

An appeal against exercise of discretion is said to be an appeal on principle. The appellate court will not reassess the material and seek to reach a conclusion different from the one reached by the court below if the one reached by that court was reasonably possible on the material. The appellate court would normally not be justified in interfering with the exercise of discretion under appeal solely on the ground that it had considered the matter at the trial stage it would have come to a contrary conclusion. If the discretion has been exercised by the trial court reasonably and in a judicial manner the fact that the appellate court would have taken a different view may not justify interference with the trial court's exercise of discretion. After referring to these principles. *Gajendragadkar, J. in Printers (Mysore) (P) Ltd. v. Pothan Joseph a said: (SCRp.721)...*These principles are well established, but as has been observed by Viscount Simon in *Charles Osenton & Co. v. Jhonston*, '..the law as to the reversal by a court of appeal of an order made by a Judge below in the exercise of his discretion is well established, and any difficulty that arises is due only to the application of well settled principles in an individual case.

4. The case of the appellant was that he was originally running the toddy shop at Karimpunkala as a licensee for several years before respondent obtained the license to run the toddy shop during 2002-03 and during the period he was running the toddy shop, he was providing food and beverages in the trade mark 'Karimpunkala' and because of the standard of food served he had acquired reputation and good will for the trade mark 'Karimpunkala' and the attempt of the respondent in using the name Karimpunkala and running a hotel in that name is to pass off the service of the appellant, which is not permissible and by that action respondent is attracting the customers of the appellant and the action of the respondent is causing irreparable damages. What was contended by the respondent was that Karimpunkala is not a registered trade mark owned by the appellant and instead it is the name of the locality and a place in Nattakom Village of Kottayam District and the name of the toddy shop run by the respondent is T.S.22 of Karimpunkala and therefore appellant is not entitled to challenge the right of the respondent to use the name Karimpunkala. Ext.B1 license of the toddy shop shows that name of the toddy shop in name T.S.22 Karimpinkala. Karimpinkala is admittedly the name of a locality in Nattakom Village. It was not disputed that appellant was running the toddy shop earlier and he was engaged in providing food and beverages for several years. According to appellant as he had diverted his business to the service of providing food and beverages in the trade mark Karimpunkala, he stopped the toddy business and the attempt of the respondent is to pass off the service of the appellant by using trade mark Karimpunkala, and subsequent to the dismissal of I.A.897/04, respondent put up a Board by name Karimpunkala family restaurant and it is deceptive and was intended to attract the customers of the appellant. The learned District Judge though dismissed I.A.897/04, allowed I.A. 1164/04. The orders are challenged in the appeals.

5. The question to be decided is whether appellant has a prima facie case and if so whether the balance of convenience is in his favour and whether any irreparable injury will be caused, if the order of injunction sought for is not granted.

6. There is difference between an action for passing off and action for infringement of trade mark. An action for passing off is a common law remedy being in substance an action for deceit. It is a passing off by a person of his own goods, as those of another. The action for infringement of trade mark is a statutory remedy conferred on the registered proprietor of a registered trade mark for the vindication of his exclusive right to the use of the trade mark in relation to those goods as provided under the Trade Marks Act. The use by the defendant of the trade mark of the plaintiff is not essential in an action for passing off, but is the sine qua non in the case of an action for infringement. May be that where the evidence in respect of passing off consists merely of the colourable use of a registered trade mark, the essential features of both the actions might coincide in the sense that what would be a colourable imitation of a trade mark in a passing off action would

also be such in an action for infringement of the same trade mark. In an action for infringement, plaintiff must make out that the use of the defendant's mark is likely to deceive, where the similarity between the plaintiff's and the defendant's mark is so close either visually, phonetically or otherwise when the court reaches the conclusion that there is an imitation, no further evidence is required to establish that plaintiff's rights are violated. If the essential features of the trade mark of the plaintiff have been adopted by the defendant, the fact that the get-up, packing and other writing or marks on the goods or on the packets in which he offers his goods for sale show marked differences or indicate clearly a trade origin different from that of the registered proprietor of the mark would be immaterial. But in the case of passing off, the defendant may escape liability if he can show that the added matter is sufficient to distinguish his goods from those of the plaintiff. Once the use by the defendant of the mark which is claimed to infringe the plaintiff's mark is shown to be in the course of trade the question whether there has been an infringement, is to be decided by comparison of the two marks. Once the two marks are identical, the infringement is made out. Once two marks are not identical, plaintiff would have to establish that the mark used by the defendant so nearly resembles the plaintiff's registered trade mark as is likely to deceive or cause confusion in relation to goods in respect of which it is registered. But this question is not relevant in an action for passing off. The basis of an action for passing off is a false representation by the defendant. The purpose of an action for passing off is not only to protect the commerce and good will, but also to ensure that the purchasers were not exploited and dishonest trading is prevented. In *Reckitt & Colman v. Borden* (1990) R.P.C. 341, The Law Lords explained the classical trinity as follows:

The law of passing off can be summarized in one short general proposition - no man may pass off his goods as those of another. More specifically, it may be expressed in terms of the elements which the plaintiff in such action has to prove in order to succeed. They are: First he must establish a good will or reputation attached to the goods or services which he applies, in the minds of the purchasing public by association with identifying get-up (whether it consists simply of a brand name or a trade description, or the individual features of labeling or packaging) under which his particular goods or services are offered to the public such that the get-up is recognized by the public as distinctive specifically of the plaintiff's goods or services.

Secondly, he must demonstrate a misrepresentation by the defendant to the public (whether or not intentional) leading or likely to lead the public to believe that the goods or services offered by him are the goods or services of the plaintiff.

Thirdly, he must demonstrate that he suffers or in a *quia timet* action, that he is likely to suffer damage by reason of the erroneous belief engendered by defendant's misrepresentation that the source of the defendant's goods or service is the same as the source of those offered by the plaintiff.

The necessary elements of an action for passing off have been restated by the House of the Lords in *Erven Warnink BV v. J. Townsend & Sons (Hull) Ltd.* (1979) A.C.731 as follows:

1. that the plaintiff's goods or services have acquired a goodwill or reputation in the market, and are known by some distinguishing feature:
2. that there is a misrepresentation by the defendant (whether or not intentional) leading or likely to lead the public to believe that the goods or services offered by the defendant are goods or services of the plaintiff; and
3. that the plaintiff has suffered or is likely to suffer damage as a result of the erroneous belief engendered by the defendant's misrepresentation.

To establish a likelihood of deception or confusion in an action for passing off where there has been no direct misrepresentation generally requires the presence of two factual elements:

- i) that a name, mark or other distinctive feature used by the plaintiff has acquired a reputation among a relevant class of persons; and

ii) that members of that class will mistakenly infer from the defendant's use of a name, mark or other feature which is the same or sufficiently similar that the defendant's goods or business are from the same source or are connected.

In arriving that conclusion as to whether deception or confusion is likely, the court will have regard to the nature and extent of the reputation, the closeness or otherwise of the respective fields of activity in which the plaintiff and the defendant carry on business, the similarity of the mark, name etc. used by the defendant to that of the plaintiff, the manner in which the defendant makes use of the name, mark etc, complained of and collateral factors and the manner in which the particular trade is carried on, the class of persons who it is alleged is likely to be deceived and all other surrounding circumstances.

7. What is good will has been stated in the often quoted passage of Lord Macnaghten in *Commissioners of Inland Revenue v. Muller & Co's Margarine Ltd.* (2001) FSR 98 as follows:

It is a thing very easy to describe, very difficult to define. It is the benefit and advantage of the good name, reputation and connection of a business. It is the attractive force which brings in custom. It is the one thing which distinguishes an old established business from a new business at its first start. The goodwill of a business must emanate from a particular center or source. However widely extended or diffused its influence may be, good will is worth nothing unless it has power of attraction sufficient to bring customers home to the source from which it emanates.

8. The principle of passing off action is that a person may sell his goods or deliver his services such as in case of a profession under a trading name or style. With the lapse of time such business or services associated with a person acquire a reputation or good will which becomes a property which is protected by courts. A competitor initiating sale of goods or services in the same name or by imitating that name results in injury to the business of one who has the property in that name. The law does not permit any one to carry on his business in such a way as would persuade the customers or clients in believing that the goods or services belonging to someone else are his or are associated with it. It does not matter whether the latter person does so fraudulently or otherwise. Honesty and fair play are, and ought to be the basic policies in the world of business. When a person adopts or intends to adopt a name in connection with his business or services which already belongs to someone else, it results in confusion and has propensity of diverting the customers and clients of someone else to himself and thereby resulting in injury. The Apex Court in *Mahendra & Mahendra Paper Mills Ltd, v. Mahindra & Mahindra Ltd.* : AIR2002SC117 after analysing the principles laid down in various decisions summarised the recognised parameters relating to the matter as follows:

Without intending to be exhaustive some of the principles which are accepted as well settled may be stated thus: that whether there is a likelihood of deception or confusion arising is a matter for decision by the court, and no witness is entitled to say whether the mark is likely to deceive or to cause confusion; that all factors which are likely to create or allay deception or confusion must be considered in combination; that broadly speaking, factors creating confusion would be, for example, the nature of the market itself, the class of customers, the extent of the reputation, the trade channels, the existence of any connection in course of trade, and others.

The Apex Court in *Corn Products Refining Co. v. Shangrila Food Products Ltd.* : [1960]1SCR968 considering the question whether two marks are so similar as to be likely to deceive or cause confusion held:

The question has to be approached from the point of view of a man of average intelligence and imperfect recollection. To such a man the overall structural and phonetic similarity of the two marks Gluvita and Glucovita is likely to deceive or to cause confusion. In deciding whether two marks are so similar as to be likely to deceive or cause confusion the similarity of idea is a relevant consideration.

In deciding the question of deceptive similarity the following factors are to be considered:

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

Plaintiff in a passing off action has to establish misrepresentation by the defendant to the public. It does not mean that plaintiff has to prove any mala fide intention on the part of the defendant. What has to be established is the likelihood of confusion in the minds of the public. In assessing the likelihood of such confusion courts must approach it from the point of average intelligence and imperfect recollection of an ordinary person.

9. As declared by the Apex Court in Mahendra & Mahendra Paper Mills Ltd. v. Mahindra & Mahindra Ltd. : AIR2002SC117 the real question in each case is whether there is, as a result of misrepresentation, a real likelihood of confusion or deception of the public and consequent damage to the plaintiff. The focus is shifted from the external objective test of making comparison of activities of parties to the state of mind of public in deciding whether it will be confused. With the passage of time plaintiff had gained a reputation and good will. Another person is not entitled to pass off his goods or service by deceptive means as that of another.

10. The question whether appellant's claim of passing off action against the respondent will be accepted or not, has to be decided by the court below after evidence is led in the suit. For the limited purpose of considering the prayer for interlocutory injunction, which is primarily intended for maintenance of status quo, the court has to see only whether a prima facie case and irreparable injury has been established. As held by a Division Bench of this Court in A.C. Krishnan v. Nambisan's Dairy Pvt. Ltd. 1997 (1) KLT 163, when it is found that defendants are using deceptively similar trade mark which is likely to be deceived, prima facie, it is to be found that plaintiff will suffer damages. If so causing of irreparable injury to the plaintiff, if the interlocutory order of injunction is not granted in his favour is evident. In such a case the balance of convenience is definitely on the side of the appellant.

11. The facts of the case has to be examined on the touch stone of the principles laid down in the above said decisions. It was not disputed that appellant was earlier the licensee of the toddy shop at Karimpumkala for several years. Prima facie it is established that by continuous use of the business name Karimpumkala, appellant has acquired a good will and reputation for his business of providing food and beverages. The factual finding on that prima facie question by the District Judge, is in accordance with the evidence. Respondent obtained the licence to run toddy shop 22 at Karimpinkala only two years prior to the date of institution of the suit. It is clear from the documents produced and relied upon by the learned District Judge that by that time appellant has acquired sufficient reputation and good will to his business of serving food and beverages in the name and style 'Karimpumkala'. It is not. disputed that respondent started using the name Karimpumkala, for the Restaurant run by him adjacent to the toddy shop. The learned District Judge rightly found that prima facie respondent is passing off the services provided by appellant and is being engaged in the sale of food and beverages in the name and style of 'Karimpumkala Family Restaurant' which is deceptively similar to the one used by the appellant much earlier. Though learned Counsel appearing for respondent vehemently argued that Karimpumkala is only the name of the locality and appellant cannot claim

any exclusive right to use the name, as is clear from the exhibits marked on the side of the appellant before the court below, appellant has been using that trade name and has acquired a good will. Appellant is therefore entitled to protect his right to use that trade name. He is entitled to initiate action against any person for passing off the goods or the services as the goods or services provided by the appellant. Appellant is therefore entitled to the order granted by the learned District Judge in I.A. 1164/05. We find no reason to interfere with the order of temporary injunction granted by the learned District Judge in I.A.1164/04. The fact that I.A.897/04 was earlier dismissed by the learned District Judge is not a ground to refuse the order of injunction sought for in I.A.1164/04, canvassed by the learned Counsel appearing for respondent. As is clear from the order in I.A.897/04, learned District Judge dismissed I.A.897/04 earlier finding that respondent, is only using the name of the toddy shop namely, Karimpumkala toddy shop and not selling or providing services rendered by the appellant in the name and style 'Karimpumkala.' It has been established by the appellant that subsequently respondent put up even a Board 'Karimpumkala Family Restaurant' to his restaurant which prima facie establish that respondent is passing off the services of the appellant in the name and style of Karimpumkala, which is deceptively similar to the one used by the appellant. Any ordinary customer would be easily deceived by believing that the food articles being served and services rendered by the respondent is actually that of the appellant, which has acquired sufficient, good will and reputation. On the factual matrix, as has been placed before the learned District Judge at the time of disposing I.A.897/04, learned District Judge did not grant the relief of temporary injunction sought for. But that does not mean that, when it is established that respondent is passing off the services of the appellant, he is not entitled to the order of injunction granted in I.A. 1164/04, We find no merit in the appeals. They are dismissed. It is made clear that the learned District Judge has to dispose the suit on the evidence let in and untrammelled by any observations made in the impugned order or in this order.

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