Santosh Devi and ors. Vs. Ramesh Kumar and ors.

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Court : Rajasthan

Decided On : Mar-10-2006

Reported in : 2007(34)PTC219(Raj)

Judge : Satya Prakash Pathak, J.

Appellant : Santosh Devi and ors.

Respondent : Ramesh Kumar and ors.

Disposition : Appeal allowed

Judgement :

Satya Prakash Pathak, J.

1. This judgment shall decide the fate of Civil Original Suit No. 21/2004 filed by plaintiff Ramesh Kumar, the respondent No. 1 herein, who had at the first instance approached the District Court, Sri Ganganagar on 06.04.1998, by filing a suit however amended the suit later on, which in due course of time under the orders of this Court transferred to the Court of Special Judge, NDPS Cases, Ganganagar and was decided allowing the prayer of the plaintiff with regard to permanent injunction by giving direction to the effect that defendants themselves or through their agent directly or indirectly shall not trade in the copies, registers and slip pads using 'pooja' name.

2. The case of the plaintiff was that he alongwith defendant No. 1 started business in partnership under the name 'Pooja Udyog' in the year 1985 and their firm was manufacturing and dealing in the copies, registers and slip pads etc. but on account of dispute between the partners having been cropped up, the work came to a standstill and, therefore, he filed a suit for dissolution of the firm and for rendition of accounts etc. in the District Court which was registered at No. 1 of 1998 and was pending at the time of filing the suit in question and in that suit the Court granted a temporary injunction for maintaining status quo on the application for restraining the defendant from selling the finished goods, machinery and other goods of the firm and also not to collect due amount from market. It was averred that the goods manufactured by their firm became popular in the market and the firm acquired goodwill and reputation with trade name 'Pooja' and it became a commercial name so the defendant No. 1 in order to get undue benefit started using this name 'Pooja' by scribing it on copies, registers and slip pads etc. in big and bold letters in collusion with other defendants prefixing the word 'Shree' in short letters, which amounted to passing of the goodwill of the trade mark and infringement of plaintiffs right as the same was property of both of them.

3. Defendant No. 1 contested the suit and denied the averment of taking undue benefit or his collusion with defendant 2 & 3 and submitted that the partnership firm M/s. Shree Pooja Udyog belongs to Shri Vijay Prakash & Smt. Santosh Devi and he had not concern with that firm rather denied knowledge of any partnership deed having been executed between these two defendants on 11.05.1998. Defendant No. 2 & 3 filed written statement to the suit jointly and stated that they had no concern with the firm Pooja Udyog in the partnership of plaintiff Ramesh Kumar and defendant Daulatram, which was closed down on account of fractions between them. The defendant No. 2 & 3 also denied any ill intention in starting the business in the name of 'Shree Pooja Udyog' and stated that the word 'Pooja' was not the registered trade mark of the plaintiff and defendant No. 1 and the firm Pooja Udyog was not in existence and had been closed long back before they started business. It was also stated by the defendants that defendant No. 1 was not having any right or share in Shree Pooja Udyog but the name of defendant No. 3's daughter is Pooja so they adopted this name as their trade mark and started business and thereby caused no damage to the plaintiff who is not doing any

business with mark 'Pooja' since 1997 and as such the defendants have not infringed or passed off any right of the plaintiff. They rather claimed damages from plaintiff stating that the plaintiff had brought the suit in order to harass them.

4. The learned trial Court, on the pleadings of parties, framed issues to the following effect:

(1) Whether any right of the plaintiff has been violated due to the defendant No. 2 & 3 doing business in the name of Shree Pooja Udyog and for that reason the plaintiff is entitled to get a decree of permanent injunction against all the three defendants?

(2) Whether the plaintiff has presented the suit in order to harass the defendants and for that reason the defendants are entitled to get Rs. 10,000 from the plaintiff as compensation?

2-A whether after dissolution of the firm Pooja Udyog the existence of the firm has come to an end and as a result thereof the cause of action to the plaintiff has ceased?

(3) Relief?

5. In support of its case, plaintiff has examined himself as PW1 Ramesh Kumar and got examined Rajkumar PW2 as his witness; the defendant has examined DW1 Vijay Prakash in defence and the parties have exhibited several documents. The learned trial Court after hearing both the sides decreed the suit, hence the defendants have filed this appeal.

6. Heard learned Counsel for the parties and perused the material available on record.

7. In the present case, the points, which require consideration, are as under:

(1) Whether on account of closure of the business and non-user of the trade name, plaintiff was entitled to get a decree in his favour of perpetual injunction?

(2) Whether the trial Court has correctly disposed of Issue No. 1 & 2A and the decree awarded is liable to be sustained as the same is based on proper appreciation of evidence and the law involved in the matter?

(3) Whether the appeal is liable to be accepted?

8. Since Point No. 1 & 2 are inter-related, as such the same are being disposed of together.

Point No. 1 & 2:

9. The case as set up by the plaintiff and the facts admitted between the parties may be summarized thus:

1. That the partnership firm of the plaintiff started its business of manufacturing and marketing of registers, copies and slip pads under the trade name 'Pooja Udyog' in the year 1985.

2. That neither the plaintiffs trade name/trade mark is registered under the Trademark & Merchandise Marks Act or under the Copyright nor 'Shree Pooja Udyog' is registered under the Trademark and Copyright Act.

3. That on account of fractions between plaintiff Ramesh Kumar and defendant Daulatram, a civil suit was filed on 02.08.1998 after closure of the partnership business run under the name and style of 'Pooja Udyog'. The firm had closed its business on 05.09.1997 and thereafter no production activities took place in the said firm.

4. That the partnership firm of defendants started its business in the year 1998 on 06.02.1998 under the trade name 'Shree Pooja Udyog' after the closure of the firm of plaintiff.

10. In view of above admitted facts, it appears that on account of filing the suit for dissolution i.e. Civil Suit No. 18/2004, a preliminary decree has been passed by the learned trial Court on 17.05.2005, however, final decree is yet to be passed. A certified copy of the preliminary decree has been placed on record i.e. Ex.A/1 whereby the plaintiff and defendant No. 1 both have been declared entitle to equal

share i.e. 50% share in the firm M/s. Pooja Udyog, which has been dissolved.

11. The case of the plaintiff is that the partnership firm M/s. Pooja Udyog was started in the year 1985 and it was doing good business but on account of fractions between the partners the business was closed and the defendant in an illegal and collusive manner started making use of the trade name 'Pooja Udyog' with slight change in the descriptive words i.e. instead of the words 'Pooja Udyog' the words 'Shree Pooja Udyog' were used and in this way the defendant alongwith his sister defendant No. 2 and defendant No. 3 started manufacturing the same products which the firm of the plaintiff was manufacturing so it is a case of opposing off and the defendants are not entitled to use 'Pooja' name. The further case of plaintiff is that there is o difference between 'register Ex.2 manufactured by the firm M/s. Pooja Udyog to which the plaintiff was a partner and the register Ex. 4 manufactured by defendants' firm so also there is no difference in the slip pads and copies of these two firms. A prayer was made to restrain the defendants from making use of the trade name 'Pooja' which according to the plaintiff had acquired goodwill in the market and the customers were being deceived by using name 'Shree Pooja' showing the word 'Shree' in small letters.

12. The defendant No. 1 denied the averments made in the plaint to the extent that he has not nothing to do with the business of defendant No. 2 & 3 but accepted the fact that initially the partnership firm under the name and style of 'Pooja Udyog' was started by him with the plaintiff but on account of dispute arose between them the firm was closed completely. It has also been stated that the firm ran into losses and no goodwill was earned by the said firm as was stated by the plaintiff. Defendant No. 2 & 3 stated that the plaintiff had no right after closure of the business to say that no one can use the descriptive word 'Pooja'. It has also been stated that 'Pooja' name is a common name and the reason for adopting their trade name as 'Shree Pooja Udyog' was that the name of defendant No. 3's daughter is Pooja. The defendant No. 2 & 3 denied any collusion with defendant No. 1 as alleged by the plaintiff.

13. The trial Court while deciding Issue No. 1 & 2A together, came to the conclusion that since defendant No. 2 was the real sister of defendant No. 1 and

further when the plaintiffs firm was closed, it is with his advice that defendant No. 2 & 3 started business under the trade name 'Shree Pooja Udyog'. The learned trial Court in this connection has discussed the evidence of plaintiff as well as of the defendants. The learned Court was of the view that by adding word 'Shree' before 'Pooja' it cannot be said that defendants were not trying to take advantage of the goodwill earned by the plaintiff's trademark in the market. The trial Court reached to the conclusion that it cannot be presumed that on account of dissolution of the firm and non-user of the trademark in itself would be sufficient to disentitle him from seeking a decree in his favour for perpetual injunction. Thus, trial Court decided Issue No. 1 & 2A in favour of the plaintiff and on the basis of findings recorded on Issue No. 1 & 2A the issue No. 2 was decided in favour of plaintiff and the suit of the plaintiff was decreed.

14. The contention of the learned Counsel for the appellant-defendants is that he trial Court has misread the evidence and has failed to appreciate the legal position. It has been submitted by the learned Counsel that before recording finding in relation to Issue No. 1 & 2A it was essential for the learned trial Court to have given a finding to the effect that the reputation and goodwill of the trade mark 'Pooja' had become distinctive and acquired secondary meaning that if it is used by other person it must be understood by the public that it is a product coming from the house of plaintiff. It has next been submitted that on account of admitted position that trade mark 'Pooja' was not being used by the plaintiff since 1997 therefore, in view of its non-user plaintiff was not entitled to get the relief in respect of trademark in the suit filed for permanent injunction. The contention of the learned Counsel is that the action relating to passing off could be maintained only when the trademark remains in continuing and in use in the market. It has been submitted that a person who is not using and/or does not have any intention to use the mark for a long time then he disentitles himself to claim monopoly in relation to the trade name/mark in the present case is of descriptive words i.e. 'Pooja Udyog'. According to the learned Counsel by non-user, the trademark looses its life and a trademark cannot exist in vacuum. It has also been submitted that the trial Court has failed to appreciated the reason that adoption of the trade mark 'Pooja' by the defendants for their business was that the name defendant No. 3's daughter is 'Pooja' which was a bona fide act of the defendant and the trade name 'Shree

Pooja Udyog' has acquired considerable goodwill in the trade market by the lapse of time. It has also been contended that the trial Court was erred in law by not taking note that the name 'Pooja' in India is so common that unless one shows that this trade name has become distinctive in relation to the business of a particular firm/company or has acquired secondary meaning in that respect till then plaintiff cannot claim monopoly the relation to trade name 'Pooja'.

15. On the other hand, it has been contended by the learned Counsel for the plaintiff that the learned trial Court after appreciation of the evidence reached to the conclusion that the defendants were not entitled to use the trade name of the plaintiff's firm and it was a case of passing off, therefore, the findings recorded by the trial Court being based on proper appreciation of evidence requires no interference by this Court. It has also been contended that defendant No. 2 is the real sister of defendant No. 1 and defendant No. 3 is another person and in this situation this could be presumed that the defendant started business with the name 'Shree Pooja Udyog' for taking advantage of the firm's trademark of which the plaintiff was a partner. The learned Counsel submits that simple denial by the defendant No. 1 that he has nothing to do with the business of defendant No. 2 & 3 will not make any change in the situation and in such circumstances the trial Court has correctly considered the matter.

16. I have considered the submissions.

17. The evidence in this case has been recorded on the basis of affidavits submitted by the parties.

18. PW1 Ramesh Kumar in his statement has admitted this aspect of the matter that the partnership firm of which he was one of the partners was closed in the year 1997. He has stated that by adding word 'Shree' before the name 'Pooja Udyog' the defendants are trying to gain advantage. According to him, no one has a right to use the trade name 'Pooja' as the trade name 'Pooja Udyog' had acquired name and fame in the market and if any product comes in the market in the name of 'Pooja Udyog' then it will be understood that it is of the plaintiff's firm. In the cross-examination, he has admitted that dispute between him and defendant No. 1 arose on 05.09.1997 and the partnership firm has been dissolved

subsequently on 17.05.2005. He has further stated that partnership firm infact was dissolved on 05.09.1997 and before that the property of the firm was not divided between the partners. He also stated that after 05.09.1997 he engaged in paper business with his father and the defendant started business under the trade name 'Shree Pooja Udyog' from February 1998. He further stated that he is not aware as to whether defendant No. 1 is the partner of defendant No. 2 & 3 or not. He has stated that registers Ex. 2 & Ex. 4 manufactured by 'Pooja Udyog' and 'Shree Pooja Udyog' respectively resembles with each other but there is a sign of globe on Ex. 4 whereas on Ex. 2 it does not find place. He has further stated that the design, colour etc. of the two registers Ex. 2 & 4 is also different. He has admitted that the trade name of the firm Pooja Udyog was not registered but for getting it registered an application was moved. He has stated that defendants were carrying on business since last 8 years under the trade name 'Shree Pooja Udyog' which is causing loss to the goodwill earned by plaintiff's firm however has admitted that no economical loss has been caused to him by the business carried on by the defendants but the loss has been caused to the goodwill.

19. PW2 Rajkumar, who is a journalist and elder brother of plaintiff, in his affidavit has supported the version of plaintiff. He has stated that the plaintiff closed his business with defendant on 05.09.1997 and there were criminal litigations between them.

20. Against the above evidence on behalf of the plaintiff, DW1 Vijay Prakash has stated on affidavit that defendants No. 2 & 3 have no concern with defendant No. 1 in relation to their business run under the name and style of 'Shree Pooja Udyog'. It was stated by him that their business was started on 08.02.1998 whereas the plaintiffs business was closed on 05.09.1997 and that their business came into existence after the plaintiff's firm having been dissolved. It was also stated that the plaintiff's firm had earned no goodwill and the plaintiff has not made any mention about the goodwill earned by the plaintiff's firm in the suit in which preliminary decree has been drawn. It was claimed that the copies, registers etc. manufactured by them are entirely different in material, trade name and colour combination etc. and there was no collusion whatsoever of the defendants in between them. In the cross-examination he has admitted that Santosh Kumari is

the sister of defendant No. 1. He has also admitted Ex. 7 a receipt of their firm and showing telephone number of defendant No. 1 on it. He has stated that defendant No. 1 Daulat Ram did not guide him in relation to the business and denied that on account of using trade name as 'Shree Pooja Udyog' they are taking advantage of the goodwill earned by the plaintiff. He has also stated that on account of his daughter's name being 'Pooja' the business was started with her name.

21. Thus, on the basis of the evidence, it has been clearly established that the firm of the defendants is manufacturing the stationery articles such as copies, registers and slip pads which the firm of the plaintiff was manufacturing. A perusal of Articles 2, 3, 4 & 5 clearly indicates that the copies and registers of the plaintiff's firm and that of defendants' firm are different in colour scheme, design and paper and there is also a sign of globe on register Ex. 4 manufactured by the defendant's firm and above the name Pooja there appears on register words 'Long Exercise Book' whereas on the register Ex. 2 manufactured by the plaintiff firm word 'Pooja' has been mentioned. The word 'Shree' used by the defendants before or above the name 'Pooja' is not that small that it is not easily visible and further Colour and design etc. are also different. The register of defendants also bears the logo 'around the world' whereas on the register of plaintiff's firm words 'long exercise book' has been printed in white words with red background. Be that as it may, it cannot be said that if the two registers are placed before a customer then he cannot easily find out difference between them and it cannot be presumed that the defendants are manufacturing the stationery as exactly as was being manufactured by the plaintiff's firm and is similar and deceptive in nature.

22. The point now which requires consideration is as to whether even after close of the business plaintiff can claim that none else can use the trademark name 'Pooja'. Presently, for the purpose of deciding the issue involved in the case on the basis of admitted facts is that after closure of the business by the plaintiff when no production was made by the plaintiff's firm, whether in such circumstances plaintiff can claim that nobody can start business under the name and style of 'Pooja Udyog'. Defendant has stated that his daughter's name is Pooja so he has adopted this name. The firm of the plaintiff has been dissolved and preliminary decree has already been passed. In the statement of the plaintiff nothing has

come which may go to show that the plaintiffs business was running so excellent and its production had attained good name in the market and it became distinctive in nature so as to presume that anybody who purchases the items made by the defendant will be under the impression that the same were of the plaintiff. In the absence of any such evidence, it cannot be said that the name 'Pooja Udyog' became so famous and it had earned so much goodwill and the trademark had attained distinctiveness in the market.

23. In Corn Products Refining Co. v. Shangrila Food Products Ltd. AIR 1960 SC 142) : PTC (Suppl)(1) 13(SC), the Hon'ble Apex Court while dealing a like controversy has observed:.the presence of a mark in the register does not prove its user at all. It is possible that the mark may have been registered but not used. It is not permissible to draw any inference as to their user from the presence of the marks on the register.

24. In National Bell Co. v. Metal Goods Mfg. Co. AIR 1971 SC 898 : PTC (Suppl)(l) 586(SC), the Hon'ble Apex Court observed in Para 17 while considering the provisions of Section 32 that the property in a trademark exists so long as it continues to be distinctive of the goods of the goods of the registered proprietor in the eyes of the public or a section of the public. If the proprietor is not in a position to use the mark to distinguish his goods from those of others or has abandoned it or the mark has become so common in the market that it has ceased to connect him with his goods, there would hardly be any justification in retaining it on the register.

25. In the case of Veerumal Praveen Kumar v. Needle Industries (India) Ltd. and Anr. 2001 PTC 889 (Del) (DB), the Delhi High Court while considering a matter of interim injunction in relation to a suit filed for infringement of copyrights etc., has found that the material placed on record showed sales only for a short period from 1977 to 1979 and it was an admitted position that the inter-se licence agreement between the two respondents did not survive after 1981, prima facie making it clear that there was no sales by the respondents after 1981. In that case no material came on record to show sales outside the country or the reputation of the product. In the circumstances, the Court held that mere by registration of the mark,

the non-user for a long period of time would not entitle for injunction.

26. In Imperial Group Ltd. v. Philip Morris & Co. Ltd. 1982 FSR 72, observations have been made as under:

Unlike a copyright, a trademark does not arise from the mere use of a word or words or a formula or a mark; it derives from the use of words or marks in relation to a course of trade in goods giving-rise to a goodwill connecting the trader with the goods by reason of the trademark under which the goods are marketed. It follows that where, in relation to particular goods, there is no such course of trading as to give rise to a goodwill, there is no interest to be protected by a trademark and no such mark can subsist in vacuo.

27. In Cluett Peobody & Co. Inc. v. Arrow Apparels 1998 PTC (18) 156(Bom), the Bombay High Court considering the issue of delay as a defence when the mark had been copied and agreed with the submissions of learned Counsel for the defendants that in a suit for infringement of trademark priority in use could not be dishonest. The High Court observed that the right of exclusive use is acquired by user or by registration or by assignment but the essential feature for constituting the proprietary in trademark is that it should be used by the proprietor in his business or in connection with his vendible commodity. The Court was of the view that through the delay by itself was not a defence but non-user of the mark loses its distinctiveness. A trademark which drops out of the use dies for non-user. Where there are no goods offered for sale, there is no use of trademark.

28. In the case of Kabushiki Kaisha Toshiba (Toshiba Corporation) v. Toshiba Appliances Co. and Ors. 2006 (32) PTC 243 (Cal.) [(DB), the Calcutta High Court observed:

The concept of property arising out of a trade mark was first recognized at Common Law before it was the subject matter of any enactment. The use of distinctive mark on goods which the manufacturers have made is an ancient trade practice, but the recognition of the same in law as a species of incorporeal property was first done by Lord Cottenhan, Lord Chancellor, in Millington v. Fox 40 ER 956.

29. In GEC v. General Electric Co. Ltd. (1972) 2 AER 507, Lord Diplock speaking for the House of Lords, describing the nature of the property in trade mark said:

The right of property in a trademark had special characteristics. One, which is shared with patents and with copyright, was that it was a monopoly, that is to say, it was a right to restrain other persons from using the mark. But it was an adjunct of the goodwill of a business and incapable of separate existence disassociated from that goodwill. To be capable of being the subject-matter of property a trade mark had to be distinctive, that is to say, it had to be recognizable by a purchaser of goods to which it was affixed as indicating that they were of the same origin as other goods which bore the same mark and whose quality had engendered goodwill. Property in a trade mark could therefore, only be acquired by public use of it as such by the proprietor and was lost by disuse. The property was assignable, transmissible and divisible, but only alongwith the goodwill of the business in which it was used.

30. The principles laid down in the above authorities clearly make a mention that even in relation to the matters arising out of the registered trademark under the Trademark & Merchandise Marks Act the product manufactured is required to remain continuously in the market. If there is no production or the trademark is not used for long, it dies its own death.

31. In the instant case, the plaintiff has stated in his cross-examination that since he is having no money otherwise he would have carried on the business in the name of 'Pooja Udyog'. If that is so then why the defendant No. 1 cannot carry on business in the name of 'Pooja Udyog'. It is further to be seen that after closure of the business of the plaintiffs firm there is no circulation of the trade mark Pooja Udyog product of the plaintiff's firm in the market, then to say that the defendant or any other person will not be entitled to use 'Pooja' name for his/their business on account of distinctiveness having been attained by the trade name 'Pooja' of the plaintiff in the absence of evidence cannot be considered to be a legally correct proposition.

32. In the above circumstances, the finding recoded by the learned trial Court that the defendants in collusion started business under the trade name of Pooja of the

plaintiffs by adding word 'Shree' is trying to take advantage of the plaintiffs goodwill and they cannot be permitted to make use of the trade name 'Pooja Udyog' by adding word 'Shree' cannot be said to be proper appreciation of evidence. The trial Court was supposed to look into the matter taking into consideration that by non-user and non-availability of evidence to show that plaintiff firm had earned so much goodwill by its trade name that if the goods are purchased by the customers they well be buying the same under the impression as if the same were of the plaintiff's firm. In the absence of any such evidence brought on record regarding distinctiveness of the trade name after close of the business by the plaintiff, others cannot be restrained from using 'Pooja' name. 'Pooja' name is very common. It is not an invented word. The reason advanced for adopting this name by the defendants is that defendant No.2's daughter's name is Pooja. It is not unusual that trade names are assigned sometimes on the names of sons and daughters. Since the firm of the plaintiff is not doing any production work and has been closed since long and there being no evidence to the effect that the plaintiff intends/intended to start business in the same trade name/mark and style till then to restrain either defendant No. 1 or defendant No. 2 & 3 to assign trade name as 'Shree Pooja Udyog' to their products would not be legally correct. Preliminary decree has already been awarded in a civil suit filed by the plaintiff for dissolution of the partnership firm. Plaintiff and defendant No. 1 both have been considered entitled to retain 50% share each in the firm. It has not been shown anywhere in the plaint that the trade name 'Pooja Udyog' was infact of plaintiff Ramesh Chand alone. The plaintiff has admitted in the cross-examination that he has not been put to any financial loss in relation to the use of 'Shri Pooja Udhog as descriptive word by the defendants in relation to their trade name.

33. In view of above, I am of the opinion that non-user for quite long of the trade name itself is sufficient to draw a conclusion that the plaintiff cannot claim monopoly in relation to said trade name. It further appears from the perusal of the material on record that there is a difference between the trade name/mark of the plaintiff and defendants and also there is difference between the colour combination of the registers, copies and slip pads which is easily detectable by a customer without making much efforts, therefore, from this point of view also if the matter is examined, a case of passing off is not made out. In this case sufficient

material having not been brought on record by the plaintiff to establish goodwill and distinctiveness of the trademark then in the absence and particularly taking into consideration the fact that plaintiff neither intents to continue nor there is any production available in the market in the name of 'Pooja Udyog' then he cannot be permitted to claim monopoly over the word 'Pooja Udyog'.

34. In view of above discussions, answer to Point No. 1 & 2 is that on account of closure of the business and non-user of the trade name, plaintiff is not entitled to get a decree of perpetual injunction in his favour and the trial Court has not correctly disposed of the Issue No. 1 & 2A as such the decree awarded is liable to be set aside as the same not being based on proper appreciation of evidence and the law involved in the matter.

Point No. 3:

35. In view of the findings recorded on Point No. 1 & 2, the answer to point No. 3 is that appeal is liable to be accepted and a case for interference by this Court is made out for setting aside the impugned judgment and decree dated 07.01.2006.

36. In the result, the appeal is allowed and while setting aside the judgment and decree dated 07.01.2006 passed by Special Judge, NDPS Cases Sri Ganganagar in Civil Original Suit No. 21/2004 - Ramesh Kumar v. Daulatram and Ors. the suit is dismissed.