

IN THE HIGH COURT OF DELHI AT NEW DELHI

Date of decision: May 29, 2009.

FAO (O) No. 138 of 1996 & C.M.No. 842 of 2001

M/S. AMAR SINGH CHAWAL WALA Appellant
Through: Mr. Valmiki Mehtra, Senior
Advocate with Mr. Gurvinder Singh,
Advocate.

versus

M/S. SHREE VARDHMAN RICE AND
GENL. MILLS Respondent
Through: Mr. S.K. Bansal, Advocate.

**CORAM:
HON'BLE THE CHIEF JUSTICE
HON'BLE DR. JUSTICE S. MURALIDHAR**

1. Whether Reporters of local papers may be
allowed to see the judgment? No
2. To be referred to the Reporter or not? Yes
3. Whether the judgment should be reported in Digest? Yes

JUDGMENT

S. MURALIDHAR, J.

1. This appeal is directed against the impugned order dated 1st March 1996 passed by the learned Single Judge dismissing IA No.6222 of 1989 filed by the Plaintiff/Appellant in Suit No. 2247 of 1989).

2. The aforementioned suit was filed by the Plaintiff/Appellant seeking a permanent injunction to restrain the Defendants/Respondents from infringing the Plaintiff's registered trade marks in the device of QILLA, the words GOLDEN QILLA (word per se), LAL QILLA CHAPP (word per se), LAL QILLA (word and device mark) and NEEL QILLA in relation to the goods for which they were registered, i.e, rice. A decree of permanent injunction was also sought to restrain the Defendants/Respondents from processing, selling or offering for sale or dealing in rice or any other cognate or allied goods under the trade mark HARA QILLA or the device of QILLA or any mark or device deceptively similar to the Plaintiff's aforementioned registered trade marks.

3. In this appeal the parties are referred to by their status in the suit. Accordingly the Appellant is referred to as the Plaintiff and Respondents 1 and 2 as the Defendants 1 and 2.

4. The case of the Plaintiff is that it is engaged in the selection, processing and merchandising of rice since 1952. In the year 1954 the plaintiff adopted GOLDEN QILLA (words per se) and the device of

QILLA as its trade mark so as to indicate its connection in the course of trade with the goods of its selection, process and merchandise and also as a proprietor thereof. In the year 1961, it adopted LAL QILLA (words per se) and also the device of LAL QILLA as its trade mark to indicate its connection in the course of trade with the goods of its selection, manufacture and sale and also as a proprietor thereof. Likewise in 1977, it adopted NEELA QILLA (words per se) and the device of QILLA as its trade mark. According to the Plaintiff it has used the aforementioned marks continuously and extensively in the course of its trade from the dates of their respective adoption by it. Its rice products have come to be identified and recognized by the purchasing public and the trade as exclusively belonging to it. The trade marks mentioned denote to the public and the trade that they are the goods of the Plaintiff.

5. It is asserted that by virtue of their prior adoption, long, continuous and established user coupled with the vast publicity given to its marks, the Plaintiff has acquired an exclusive right to the use thereof as a proprietor.

6. In the plaint the Plaintiff has set out the annual sales and publicity expenses figures from the year 1970-71 till 1986-87. This has shown a progressive increase.

7. According to the Plaintiff in addition to the common law rights, it also held a statutory right to the exclusive use of the aforementioned trade marks by virtue of registration granted under the Trade and Merchandise Marks Act, 1958 as per the following details:

<u>Trade Mark</u>	<u>Registration No.</u>	<u>Goods</u>	<u>Date</u>
Device of QILLA	180418	Rice	16-11-1960
GOLDEN QILLA (word per se)	201760	Rice	16-04-1962
LAL QILLA CHAAP (word per se)	202329	Rice	16-01-1962
LAL QILLA (word & Device Mark)	249547	Rice	16-01-1970
NEEL QILLA	337140	Rice	16-04-1979.”

8. According to the Plaintiff the Defendant No.1 Shree Wardhman Rice & General Mills located at Panipat, Haryana is engaged in the process and merchandise of rice and the Defendant No.2, M/s. Mamraj

Chuni Lal is the agent of Defendant No.1. According to the Plaintiff the Defendants have adopted an identical and/or deceptively similar mark HARA QILLA and the device of QILLA in respect of rice of their process and merchandise. It was submitted that the adoption of HARA QILLA and the device of QILLA by the Defendants is malafide, dishonest, tainted and solely with a view to infringe the aforementioned registered trade marks of the Plaintiff and to cause confusion and deception among the users and the trade and to pass off the goods and business of the Defendants as and for the goods and business of the Plaintiff. It was submitted that unwary purchasers are likely to be misled into considering the mark HARA QILLA and the device of QILLA as one of the series of the Plaintiff's marks of GOLDEN QILLA, LAL QILLA, NEELA QILLA and device of QILLA. It is alleged that the Plaintiff was suffering loss in business as well as in reputation because of the unlawful trade activities of the Defendants.

9. The Plaintiff came to know in 1986 through an advertisement in the newspaper 'Vyapar Kesri' about the Defendants having adopted the mark of HARA QILLA and the device of QILLA in connection with

the rice being sold by them. The Plaintiff immediately served a notice dated 13th March, 1986 cautioning the defendants from using the said mark and device. However, the Defendants did not raise any claim against the averments made in the notice. The goods of the Defendants under the impugned marks disappeared from the market. However the Plaintiff was surprised to notice an advertisement of the Defendants' application under No. 435166 in the Trade Marks Journal No. 958 dated 1st May 1989 for registration of the HARA QILLA and device of QILLA in respect of rice. The Plaintiff immediately filed an opposition before the Registrar of Trade Marks on 8th May 1989. As on the date of filing the suit the said opposition was pending. The Plaintiff also learnt that the Defendants have restarted marketing the rice under the impugned marks with impunity and therefore the suit was filed.

10. In the aforementioned suit IA No. 622 of 1989 was filed seeking an interim injunction restraining the Defendants from infringing the Plaintiff's trade mark and not marketing the Defendant's goods under the mark HARA QILLA and the device QILLA.

11. By the impugned order dated 1st March 1996, the learned Single Judge rejected the plaintiff's prayer for an interim injunction. The learned Single Judge noted that on 13th December 1993 the Assistant Registrar of Trade Marks had sustained the opposition and rejected the Defendant's application for registration of the trade mark HARA QILLA. An application seeking review of the said order was also rejected by an order dated 19th September 1994. The learned Single Judge also referred to documents filed by the Plaintiff. It was noticed that although neither party had brought on record photographs of the respective trade marks, the photocopies of the trade marks registration certificate were available. The learned Single Judge held that the Defendant's device of QILLA was not identical or similar to the QILLA used by the Plaintiff as its device either with GOLDEN QILLA or QILLA. It was held that the colour scheme was not the controversy either by way of imitation or by way of distinction. The learned Single Judge on comparing the marks used by the Plaintiff as well as the Defendant concluded as under:

“The device used by the plaintiff along with GOLDEN QILLA is so materially different from the device used by the defendant along with Hara Qilla that there is no likelihood of the customer inclined to

purchase Lal Qilla Rice being deceived into purchasing Hara Qilla rice. There is no visual or phonetic similarity between the defendant's name and mark- and the plaintiff's name and mark- either of the three. Golden or Golden Qilla cannot be confused with Hara Qilla. So is the case with Lal Qilla and Neela Qilla.”

12. The learned Single Judge further held that “it is not suggested, nor is it borne out from the record that the defendants have tried to present their device of Qilla in such a manner as look similar or deceptively similar with any of the device adopted by plaintiff. It is not the case of the plaintiff that any of the defendants has at any time attempted at it passing off the defendants goods as those of the plaintiff.” The learned Single Judge also rejected the plea of the Plaintiff that the continuous use of trade names GOLDEN QILLA, LAL QILLA, NEELA QILLA for a number of years prior to the filing of the suit shows that the Plaintiff had developed a ‘family of marks’ on the ground that merely because a mark belonged to a ‘family of marks’ it was not exempt from the standard test of trade mark protection.

13. On behalf of the Plaintiff it was contended that the Defendants had

actually failed to indicate how they came across the words 'HARA QILLA' and the device of QILLA if indeed Defendant No.1 was in the trade of marketing rice since 7th December 1978. It is pointed out that Defendant No.1 made an application for registration of its mark and device only in 1989. It was therefore submitted that the use of the mark HARA QILLA and the device QILLA cannot be said to be an honest. It is further submitted that the use cannot also be said to be concurrent since no bills or invoices had been produced by the Defendants to show that they were using the marks since 1978. It was submitted that the mere fact that this appeal had been pending for over 12 years should not be a reason ground to reject the prayer of the Plaintiff for an interim injunction since the impugned order was constituting a precedent for others to infringe the registered marks and device of the Plaintiff with impunity. It was contended that the continuous infringement of the registered marks of the Plaintiff by the Defendants was justification for persisting with the plea of interim injunction despite the fact that the present appeal was pending for a long time. In any event the main suit was also pending and was unlikely to conclude at an early date. Reliance was placed on the observations of this Court in *Hindustan Pencils Private Limited v.*

Universal Trading Company 2000 PTC 561 (DB). Reliance was placed on a number of decisions which will be discussed hereafter.

14. On behalf of the Defendants it was submitted that the trade mark HARA QILLA was not identical or deceptively similar to the trade mark sought to be enforced by the Plaintiff. According to the Defendants the words HARA QILLA and LAL QILLA conveyed different and distinct identities. The word QILLA was per se of no significance. The marks of the Plaintiff and that of the Defendant No.1 were not deceptively similar so as to cause confusion in the mind of the buyer. Moreover, the Plaintiff had not approached the Court despite the defendant No. 1 using the mark since 1978 and therefore had acquiesced in the use by the defendants of the mark and device of HARA QILLA and QILLA. It was submitted that the mere fact that the Registrar of Trade Marks had accepted the opposition of the Plaintiff to the application made by the Defendants for registration of their mark HARA QILLA could not determine the question of grant of interim injunction. The Plaintiff was required to make out a prima facie case in its favour on the basis of materials brought on record in the suit. In any event the order of the Assistant Registrar of Trade

Marks was challenged in this Court in C.M. (Main) No. 165 of 1995. It was submitted that a registered trade mark only raises a presumptive right and it was not necessary that an injunction has to follow. Reliance was placed upon the decisions in *N.R. Dongre v. Whirlpool Corporation AIR 1995 DELHI 300*, *Amritdhara Pharmacy v. Satya Deo AIR 1963 SC 449*, *Mahendra & Mahendra Paper Mills Ltd. v. Mahindra & Mahindra Ltd. JT 2001 (9) SC 525*, *Corn Products Refining Company v. Shangrila Food Products Ltd. PTC (Suppl) (1) 13 (SC)*, *F. Hoffmann-La Roche & Co. Ltd. v. Geoffrey Manners & Co. Pvt. Ltd. PTC (Suppl) (1) 88 (SC)*. The Defendants relied on the decisions in *Power Control Appliances v. Sumeet Machines Pvt. Ltd 1995 PTC 165*, *Bali Trade Mark (No.2) Fleet Street Reporter [1978] 193* to contend that honest and concurrent user by the defendants of the registered marks of the Plaintiff would justify the refusal of injunction to the Plaintiff. Learned counsel for the Defendants relied upon the observations in *Power Control Appliances* to contend that the delay and laches in the Plaintiff approaching the Court for relief could be fatal to its case for grant of injunction. It was contended that the appropriate order for this Court was to expedite the trial of the suit itself.

15. The submissions of the parties have been considered. It is not in dispute that the Plaintiff has in its favour registration of the four marks and devices as noticed hereinbefore. The suit filed by the Plaintiff is essentially one for infringement in respect of the Plaintiff's trade mark on the ground that the use by the Defendants of the mark and device HARA QILLA and QILLA respectively would cause confusion and deception among the users and the trade in general. The distinction between a suit based on infringement and that based on passing off was explained by the Supreme Court in *Kaviraj Pandit Durga Dutt Sharma v. Navaratna Pharmaceutical Laboratories AIR 1965 SC 980*. It was explained that "while action for passing off is a common law remedy being in substance an action for deceit, that is, a passing off by a person of his own goods as those of another, that is not the gist of an action for infringement. The action for infringement is a statutory remedy conferred on the registered proprietor of a registered trade mark for the vindication of the 'exclusive right to the use of the trade mark in relation to those goods.' 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." It was further noticed 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 an action for infringement, **the Plaintiff must, no doubt, make out that the defendant's mark is so close either visually, phonetically or otherwise** and the Court should reach the conclusion that there is an imitation” in which event it would be established that the Plaintiff's rights are violated. The Supreme Court went on to further explain that **“if the essential features of a 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 sales show marked differences, or indicate clearly a trade origin different from that of the registered proprietor of the mark would be immaterial;** whereas 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.” (emphasis supplied)

16. In *Amritdhara Pharmacy v. Satya Deo* the question of phonetic similarity between Amritdhara and Lakshmandhara was considered. It was said that “an unwary purchaser of average intelligence and

imperfect recollection would not split the name into its component parts and consider the etymological meaning thereof or even consider the meaning of the composite words as ‘current of nectar’ or ‘current of Lakshman’. Where the trade relates to goods largely sold to illiterate or badly educated persons, it is no answer to say that a person educated in the Hindi language would go by the etymological or ideological meaning and see the difference between ‘current of nectar’ and ‘current of Lakshman’. It was emphasized that the whole word had to be considered. It was held that “the overall similarity between the two names in respect of the same description of the goods would likely to cause confusion within the meaning of Section 10(1) of the Trade Marks Act, 1940.”

17. In the instant case as far as the registered marks in favour of the Plaintiff are concerned, applying the test laid down in *Kaviraj Pandit* it is seen that the essential feature of the mark is the word ‘QILLA’. Whether the word is spelt as QILLA or KILLA, or even written in a different style or colour combination. To the customer who seeks to purchase the QILLA brand rice both names would sound phonetically similar. The customer is likely to ask the retailer: “Can I have the

QILLA brand rice?” In the considered view of this Court, it is this essential feature of the Plaintiff’s mark, i.e the word QILLA, which has been adopted by the Defendant No.1. That the defendants have also used a pictorial representation of the device in the form of a fort also indicates that the Defendants too intended the same meaning to be assigned to the word, which is an Urdu one meaning “fort”. Therefore, though the device QILLA is depicted in a slightly different way by the defendant, it is deceptively similar to the device used by the Plaintiff. Further the use is in respect of the same commodity, rice. Therefore there is every possibility of there being a confusion created in the mind of the purchaser of rice that the product being sold by the Defendant is in fact a product that has emanated from or has been manufactured by the Plaintiff.

18. It is not possible to agree with the reasoning of the learned Single Judge that the word QILLA is not associated with rice and therefore no ordinary purchaser of rice would associate the Defendant’s mark as that of the Plaintiff’s. It is plain from the pleadings that the Plaintiff has been using the words QILLA consistently in connection with the rice being sold by them with only the first word indicating the colour

viz., GOLDEN, LAL or NEELA. It must be held that the Plaintiff has been able to prima facie show that it has developed a 'family of marks' and that by merely changing the first word from GOLDEN, LAL or NEELA to the word HARA there is every possibility of confusion being caused both in trade and in the mind of any person desiring to purchase rice. Likewise the use of the picture or depiction of a fort in the background on the label/packing of the rice is also likely to cause confusion in the mind of the purchaser and in the trade that the product being sold by the Defendants are in fact those manufactured by the Plaintiff.

19. This Court proposes to next consider the plea of the Plaintiff that use by the Defendants of the said marks was not in fact an honest one since the Defendant did not indicate how it came across the word/device associated with its product rice. It must be remembered that the Plaintiff has been in trade since 1962 onwards and it has been marketing its rice by using the words and device of QILLA. These words, as rightly pointed out by the learned Single Judge, do not automatically get associated with a consumable food product like rice. For the Defendants to have chance upon the same word i.e. QILLA

and the same device in terms of depiction of a fort would have to be supported by its showing how it got inspired to use those words. It is not possible therefore to accept the plea of the Defendants that in the instant case, there was an honest concurrent use. The legal position was succinctly explained by the House of Lords in *Alex Pirie & Sons' Application (1933) 50 R.P.C. 147* where it was held as under:

“Secondly, the appellants say, and this is their main line of attack upon the conclusion of the Court of Appeal, that though the respondents were honest in their user in the sense that they never intended to cause confusion or to pass off their goods as the goods of the appellants, yet inasmuch as they knew of the appellants’ mark when they adopted their own and that the marks have been used on the same goods in the same market, the user of the respondents’ mark cannot be treated as honest within the meaning of the section and that in any case by refusal of registration there would not in these circumstances be the hardship to the respondents which the section is intended to prevent.

“My lords, it has never been suggested throughout this case that the conduct of the respondents has in the slightest respect been open to criticism, and I should be sorry to place upon this statute a

construction which would brand as statutory dishonesty conduct justified in the eyes of honourable men. There is in fact no ground for doing so. Knowledge of the registration of the opponent's mark may be an important factor where the honesty of the user of the mark sought to be registered as impugned, but when once the honesty of the user has been established the fact of knowledge loses much of its significance, though it may be a matter not to be wholly overlooked in balancing the considerations for and against registration.”

20. In the considered view of this Court, the defendants have not been able to demonstrate prima facie honest use of the mark. They have also not been able to show concurrent user of the mark or device. The Plaintiff is right in pointing out that no invoices or bills since 1978 have been placed on record by the defendants to substantiate this plea. Whatever has been placed on record does not prima facie satisfy this requirement.

21. The next issue to be considered is whether the Plaintiff can be said to be guilty of laches in not approaching the court earlier particularly

when the Defendants have been using the marks since 1978. In *Hindustan Pencils Private Limited v. India Stationery Products Co. 1989 PTC 61* the complainant was the registered proprietor of trade mark 'NATARAJ' and the device of 'NATARAJ' on its pencils. The said marks have been adopted by the Plaintiff in the year 1961. In the middle of 1985 the Plaintiff got to know that the Defendants had got registered a copy right in respect of a label similar to that of the Plaintiff in respect of pins. The copy right in respect of pins was under the name 'NATARAJ' using also the device of the dancing Nataraj. The Court also considered the defence raised by the Defendant in that case that the Plaintiff had acquiesced in the use by the Defendant of the impugned mark. The Court then referred to the observation of Court in *Whitman v. Disney Productions 263 F2d 229* and held that "delay by itself is not a sufficient defence to an action of interim injunction but inordinate delay would amount to laches." It was further observed as under by the learned Single Judge in paras 28 and 29 of the said judgment:

"28. If an action is taken by the registered owner and no interim injunction is granted, the effect is that goods bearing the infringing mark or spurious goods would continue to be sold in the market. After a

number of years when the case is finally disposed of, after trial, and the plaintiff succeeds and gets a permanent injunction then, possibly, the plaintiff may also be compensated by his being awarded damages or an account of profits, that sense of the non-grant of the interim injunction would not ultimately, prejudice the plaintiff for he may be compensated with payment of money but during this period when the defendant is allowed to continue to infringe the intellectual property it is the consumer or the purchaser who alone suffers and who ultimately cannot be compensated. Therefore, in order to curb the menace of manufacture, production and sale of spurious goods and the blatant violation of intellectual property it will be proper for the court to take into consideration the interest of the general public. In this regard reference may usefully be made to the following observations of McCARTHY at page 346, para 30.21 which deals with the protection of third parties;

“Some courts also consider the necessity of protecting third parties trade mark infringement cases, “third parties” means the buying public. If the equities are closely balanced, the right of the public not to be deceived or confused may turn the scales in favour of a preliminary injunction.”

29. It would appear to be difficult to accept that relief of temporary injunction should not be granted, because of the delay on the part of the plaintiff, even though the court feels, at that point of time, that ultimately permanent injunction will have to be granted.”

22. It was further held that acquiescence cannot be inferred merely by the reason of the fact that the Plaintiff had not taken any action earlier against the infringement of its rights. Acquiescence had to mean something more than mere silence on the part of the Plaintiff. The Court did not accept the contention that the delay and acquiescence in the said case would defeat the right of the Plaintiff to seek interim injunction. The Court on comparison of the marks registered in the name of the Plaintiff and that used by the Defendant came to the conclusion that prima facie the adoption of the mark ‘NATARAJ’ by the Defendant was clearly fraudulent.” The injunction was accordingly granted to the Plaintiff.

23. In the instant case, the Plaintiff has explained the sequence of events preceding the filing of the suit. It first noticed the infringement

in 1986 and immediately sent a legal notice. Thereafter when the defendants applied for registration, the plaintiff immediately filed an opposition before the statutory authority and prevented registration being granted in favour of the defendant. This can hardly be termed as acquiescence by the Plaintiff. Further, the suit was filed in 1989 itself, simultaneous with the opposition being filed to the grant of registration in favour of the defendant. Therefore there is no merit in this contention of the defendants that the Plaintiff either acquiesced in the defendants' use of the infringing mark and device or that there was delay in the plaintiff seeking protection of its registered marks from infringement.

24. For the aforementioned reasons this Court is of the view that the Plaintiff has made out a prima facie case for grant of injunction. The mere fact that the present appeal was pending for over 12 years does not make a difference since the Plaintiff has been able to prima facie establish that the infringement by the Defendants of the Plaintiff's marks and device by marketing the defendants' product under the mark HARA QILLA and the device of QILLA is a continuing one and has the effect of harming the Plaintiff's reputation and eroding its

goodwill in the trade. It is clarified that the observations in this order are prima facie and not intended to influence the opinion to be formed by the trial court on an appreciation of the evidence led by the parties.

25. Before concluding a reference may be made to an application being CM No. 842 of 2001 filed by the Plaintiff. In the said application it is pointed out that against the order dated 29th December 1993 passed by the Registrar Trade Marks accepting the opposition filed by the Plaintiff to the grant of registration in favour of the Defendant in respect of HARA QILLA the Defendants had filed CM (Main) No. 165 of 1995 in this Court. By an order dated 30th October 1998 the learned Single Judge dismissed the said application/appeal. A second appeal against the said order was dismissed by the Division Bench on 19th January 2001 and therefore the order dated 29th December 1993 passed by the Assistant Registrar of Trade Marks had attained finality. The said application was filed to bring on record the aforementioned facts.

26. The appeal is allowed. The impugned order dated 1st March 1996

passed by the learned Single Judge is hereby set aside. The Defendants are restrained during the pendency of Suit No. 2247 of 1989 from processing, selling or offering for sale or dealing in rice or any other cognate or allied goods under the trade mark HARA QILLA or the device of QILLA or any mark or device deceptively similar to the Plaintiff's aforementioned registered trade marks and device viz., device of QILLA, the words GOLDEN QILLA (word per se), LAL QILLA CHAPP (word per se), LAL QILLA (word and device mark) and NEEL QILLA in relation to the goods for which they were registered, i.e, rice. While the Defendants will be restrained forthwith as directed hereinbefore, they are granted 3 months' time to dispose of the current stock of rice packed in bags using the words HARA QILLA and device QILLA. In other words, the Defendants will forthwith stop the words HARA QILLA and device QILLA and will be permitted to dispose of the existing stocked of rice that has already been packed as of date within a period of three months from today subject of course to maintaining proper inventories and accounts which will be filed in the trial court every three months.

27. The learned single Judge is requested to expedite the trial of the

suit and dispose it of within a period of one year from today. The trial court record will be returned forthwith.

S.MURALIDHAR, J

CHIEF JUSTICE

MAY 29, 2009
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