



A Holistic Compendium:
Indian Trademark Cases Summary
for 2015

Author

Advocate Amarjeet Kumar

Contributors

Advocate Abhijeet Deshmukh

Advocate Abhishek Pandurangi

Advocate Tarun Khurana

Preface

The Indian trademark jurisprudence in its expeditiously evolving journey saw 2015 attaching many feathers to its hat. With increasing number of litigations, consequently fostering enhanced enforcement and settlements has stimulated players in the ecosystem in being more sensitized and mindful towards the IP lifecycle in India - from filing to injunctions. Significant changes in the Trademark office and courts have been witnessed to have a direct influence on the confidence and awareness of stakeholders in the IP ecosystem. To mention a few:

- increase in trademark filings by 300% over the last decade
- becoming a member of the Madrid Protocol
- increase in number of 'Anton Pillar's' order and 'John Doe' orders (aka 'Ashok Kumar' in India)
- awarding punitive damages in IP matters
- increase in injunctions based on 'Passing Off' principle

With that background and Khurana and Khurana's involvement in trademark litigations, we provide herewith a compendium of certain key judgment summaries, that reflect a diverse range of issues discussed and adjudicated upon in the Indian courts pertaining to the interpretation/ implementation of various provisions of The Trademark Act, 1999 as provided herein below:

1. **Jurisdiction of Court in case of Infringement of Trademarks**¹- The cited two judgments further clarify the statutory interpretation of Section 134(2) of the Trademark act and the places at which the Plaintiff/ Registered Proprietor can sue. Section 134 (2) of the Trademark Act, 1999 provides to ensure that the proprietor of the Registered Trademark does not have to face the inconvenience in suing the infringer at the place of their residence/business and can sue at the place and residence of the Trademark owner.

¹ (2015) 10 SCC 161 & 227(2016)DLT320

2. **Loss of valuable right due to the procedural lapses of the Trademark Registry**²- The Hon'ble High Court in the said Judgment has recognized that Applicant should not lose their Valuable rights on account of procedural lapses.
3. **Saving of vested rights in prior user**³- This judgment recognizes the principle of Prior user of the mark.
4. **Similarity of Marks**⁴- The cited two Judgments describes the principles of considering the similarity of marks.
5. **Domain Dispute**⁵- The said judgment recognizes that INDRP mechanism of dispute resolution through arbitration would fall within the description of an arbitration agreement under Section 7 of the Arbitration and Conciliation Act, 1996.
6. **Delay and Laches in bringing action**⁶- The Judgment provides that in case of passing off trade mark/label delay and laches in bringing an action would assume greater importance for providing Ex-parte orders
7. **No one claim the name of a holy or religious book as a trade mark for his goods or services**⁷-
8. **Labels and clearly excluded from the definition of "designs"**⁸.- This judgement provides that label is clearly both a trademark, as it indicates the brand and the origin (i.e. the manufacturer or producer) as well as a copyright, as it contains a combination of colors and stylized lettering, trade-marks; hence they are labels and clearly excluded from the definition of "designs

² 2015(63) PTC84 (Del)

³ 2015(7) SCALE136

⁴ 2015(63)PTC580(Del) & (2015(64) PTC 386(Del))

⁵ 2015(64)PTC406(Del)

⁶ 2015(62)PTC82(Del)

⁷ AIR2016SC461

⁸ 2015(64)PTC366(Del)

LIST OF IMPORTANT CASES ON TRADEMARK

S. No	TOPIC	CITATION	PAGE
1	Jurisdiction of Courts under Section 134(2) of the Trademarks Act.	Indian Performing Rights Society Ltd. Versus. Sanjay Dalia And Ors. <u>Equivalent Citation:</u> <u>(2015) 10 SCC 161</u>	5-12
2	Procedural lapses of the Trademark Registry.	RAKESH KUMAR Versus UNION OF INDIA & ORS. <u>Equivalent Citation:</u> <u>2015(63) PTC84 (Del)</u>	13-16
3	Saving of vested rights of Prior User	S. Syed Mohideen Versus P. Sulochana Bai <u>Equivalent Citation:</u> <u>2015(7) SCALE136</u>	17-26
4	Similarity of marks- Pharmaceutical	Sun Pharmaceutical Industries Ltd. Versus. Anglo French Drugs and Industries Ltd. <u>Equivalent Citation:</u> <u>2015(63)PTC580(Del)</u>	27-33
5	Interpretation of Section 20 of the CPC in correlation to Section 62 of the Copyright Act, 1957 and Section 134(2) of the Trade Marks Act, 1999 with regard to the place where a suit can be instituted by the Plaintiff	ULTRA HOME CONSTRUCTION PVT. LTD Versus PURUSHOTTAM KUMAR CHAUBEY & ORS <u>Equivalent Citation:</u> <u>227(2016)DLT320</u>	34-41

6	INDRP mechanism of dispute resolution through arbitration would fall within the description of an arbitration agreement under Section 7 of the Arbitration and Conciliation Act, 1996.	STEPHEN KOEING Versus ARBITRATOR NIXI AND ANR Equivalent Citation: 2015(64)PTC406(Del)	42-48
7	The cases of passing off are on a different footing from the cases of infringement of registered. Therefore, in the case of an unregistered trade mark/label delay and laches in bringing an action would assume greater importance	KRBL Ltd. Versus Lal Mahal Ltd and Ors. Equivalent Citation: 2015(62)PTC82(Del)	49-54
8	No one claim the name of a holy or religious book as a trade mark for his goods or services	Lal Babu Priyadarshi Versus Amritpal Singh Equivalent Citation: AIR2016SC461	55-60
9	Similarity of marks	Larsen and Toubro Ltd. (L&T) Versus. Lachmi Narain Trades and Others Equivalent Citation: (2015(64) PTC 386(Del))	61-67
10	Labels and clearly excluded from the definition of "designs".	Midas Hygiene Industries Pvt. Ltd Vs. Sudhir Bhatia Equivalent Citation: 225(2015)DLT178, 2015(64)PTC366(Del)	68-82

INDIAN PERFORMING RIGHTS SOCIETY LTD.**Versus.****SANJAY DALIA AND ORS.**

Civil Appeal Nos. 10643-10644 of 2010 and C.A. No. 4912/2015 (Arising out of SLP (C) No. 8253/2013)

Equivalent Citation: (2015) 10 SCC 161**BRIEF FACTS**

1. The Plaintiff/Appellant in Civil Appeal Nos. 10643-44/2010 had filed a suit praying for relief against Defendant No. 1 so as to prevent infringement of the rights of the Plaintiff without obtaining the licence. The Defendant owns cinema halls in Maharashtra and Mumbai where infringement is alleged and the entire cause of action, as alleged in the plaint, has arisen in Mumbai, Maharashtra.
2. Civil Suit FAO (OS) No. 359/2007 has been filed in the High Court at Delhi, by virtue of the fact that the Branch Office of the Plaintiff is situated at Delhi and the Plaintiff is carrying on the business at Delhi. However, it is not disputed that the Plaintiff's Head Office is situated at Mumbai. The objection was raised by the Defendant with regard to the territorial jurisdiction of the court at Delhi. The single Bench and the Division Bench of the High Court have upheld the objection and held that the suit should have been filed in the facts of the case, in the court at Mumbai. Hence, the impugned order has been questioned in the appeals.
3. In Civil Appeal arising out of SLP [C] No. 8253/2013- (Advance Magazine Publishers Inc. and Anr. v. Just Lifestyle Pvt. Ltd.), the suit has been filed with respect to the infringement of the trademark. The registered office of "Vogue India" is in Mumbai. The magazine is processed and published in Mumbai. It was submitted that because the

Plaintiff has branch office at Delhi, it had sufficient ground for invoking the jurisdiction Under Section 134 of the Trade Marks Act. The Plaintiff filed an application seeking an amendment in the plaint Under Order 6 Rule 17 of the Code of Civil Procedure so as to indicate how the court at Delhi would have the jurisdiction.

4. The magazine is sold and circulated to the subscribers at Delhi. The application seeking amendment has also been dismissed by the High Court as even if allowed, amended pleadings would not confer jurisdiction upon the court. Merely situation of branch office is not enough as no cause of action as per the plaint, has arisen in Delhi. The Division Bench has allowed the appeal and set aside the order passed by the Single Bench, allowing the amendment. The said order has been impugned in SLP [C] No. 8253/2013.
5. The Hon'ble Supreme Court was not inclined to interfere with the orders passed by the High Court and dismissed the appeal.

ISSUES-

In the appeals, the question arising for consideration is as to the interpretation of Section 62 of the Copyright Act, 1957 and Section 134(2) of the Trade Marks Act, 1999 with regard to the place where a suit can be instituted by the Plaintiff.

APPLICABLE LAW/ RULE

COPYRIGHT ACT

Section 62- Jurisdiction of court over matters arising under this Chapter. –

- (1) Every suit or other civil proceeding arising under this Chapter in respect of the infringement of copyright in any work or the

infringement of any other right conferred by this Act shall be instituted in the district court having jurisdiction.

- (2) For the purpose of sub-section (1), and "district court having jurisdiction" shall, notwithstanding anything contained in the Code of Civil Procedure, 1908, or any other law for the time being in force, include a district court within the local limits of whose jurisdiction, at the time of the institution of the suit or other proceeding, the person instituting the suit or other proceeding or, where there are more than one such persons, any of them actually and voluntarily resides or carries on business or personally works for gain.

TRADEMARKS ACT

Section 134 - Suit for infringement, etc., to be instituted before District Court

- (1) No suit--
- (a) for the infringement of a registered trade mark; or
 - (b) relating to any right in a registered trade mark; or
 - (c) for passing off arising out of the use by the defendant of any trade mark which is identical with or deceptively similar to the plaintiff's trade mark, whether registered or unregistered, shall be instituted in any court inferior to a District Court having jurisdiction to try the suit.
- (2) For the purpose of clauses (a) and (b) of sub-section (1), a "District Court having jurisdiction" shall, notwithstanding anything contained in the Code of Civil Procedure, 1908 (5 of 1908) or any other law for the time being in force, include a District Court within the local limits of whose jurisdiction, at the time of the institution of the suit or other proceeding, the person instituting the suit or proceeding, or, where there are more than one such persons any of them, actually and voluntarily resides or carries on business or personally works for gain.

Explanation.--For the purposes of sub-section (2), "person" includes the registered proprietor and the registered user.

VIEW OF THE HON'BLE SUPREME COURT

- 1. The Hon'ble Apex Court** has held as under: Considering the very language of section 62 of the Copyright Act and section 134 of the Trade Marks Act, an additional forum has been provided by including a District Court within whose limits the plaintiff actually and voluntarily resides or carries on business or personally works for gain. The object of the provisions was to enable the plaintiff to institute a suit at a place where he or they resided or carried on business, not to enable them to drag defendant further away from such a place also as is being done in the instant cases. In our opinion, the expression "notwithstanding anything contained in the Code of Civil Procedure" does not oust the applicability of the provisions of section 20 of the Code of Civil Procedure and it is clear that additional remedy has been provided to the plaintiff so as to file a suit where he is residing or carrying on business etc., as the case may be. Section 20 of the Code of Civil Procedure enables a plaintiff to file a suit where the defendant resides or where cause of action arose. Section 20(a) and section 20(b) usually provides the venue where the defendant or any of them resides carries on business or personally works for gain. Section 20(c) of the Code of Civil Procedure enables a plaintiff to institute a suit where the cause of action wholly or in part, arises. The Explanation to Section 20 C.P.C. has been added to the that Corporation shall be deemed to carry on business at its sole or principal office in India or in respect of any cause of action arising at any place where it has subordinate office at such place. Thus, 'corporation' can be sued at a place having its sole or principal office and where cause of action wholly or in part, arises at a place where it has also a subordinate office at such place.

- 2.** Accrual of cause of action is a sine qua non for a suit to be filed. Cause of action is a bundle of facts which is required to be proved to grant relief to the plaintiff. Cause of action not only refers to the infringement but also the material facts on which right is founded. Section 20 of the CPC recognizes the territorial jurisdiction of the courts inter alia where the cause of action wholly or in part arises. It has to be decided in each case whether cause of action wholly or in part arises at a particular place. As held by this Court in Rajasthan High Court Advocates Association v. Union of India & Ors. [AIR 2001 SC 416]. Thus, a plaintiff can also file a suit where the cause of action wholly or in part arises.

- 3.** On a due and anxious consideration of the provisions contained in section 20 of the CPC, section 62 of the Copyright Act and section 134 of the Trade Marks Act, and the object with which the latter provisions have been enacted, it is clear that if a cause of action has arisen wholly or in part, where the plaintiff is residing or having its principal office/carries on business or personally works for gain, the suit can be filed at such place/s. Plaintiff(s) can also institute a suit at a place where he is residing, carrying on business or personally works for gain de hors the fact that the cause of action has not arisen at a place where he/they are residing or any one of them is residing, carries on business or personally works for gain. However, this right to institute suit at such a place has to be read subject to certain restrictions, such as in case plaintiff is residing or carrying on business at a particular place/having its head office and at such place cause of action has also arisen wholly or in part, plaintiff cannot ignore such a place under the guise that he is carrying on business at other far flung places also. The very intendment of the insertion of provision in the Copyright Act and Trade Marks Act is the convenience of the plaintiff. The rule of convenience of the parties has been given a statutory expression in section 20 of the CPC as well. The interpretation of provisions has to be such which prevents the mischief of causing inconvenience to parties.

4. The intendment of the aforesaid provisions inserted in the Copyright Act and the Trade Marks Act is to provide a forum to the plaintiff where he is residing, carrying on business or personally works for gain. The object is to ensure that the plaintiff is not deterred from instituting infringement proceedings “because the court in which proceedings are to be instituted is at a considerable distance from the place of their ordinary residence”. The impediment created to the plaintiff by section 20 C.P.C. of going to a place where it was not having ordinary residence or principal place of business was sought to be removed by virtue of the aforesaid provisions of the Copyright Act and the Trade Marks Act. Where the Corporation is having ordinary residence/principal place of business and cause of action has also arisen at that place, it has to institute a suit at the said place and not at other places. The provisions of section 62 of the Copyright Act and section 134 of the Trade Marks Act never intended to operate in the field where the plaintiff is having its principal place of business at a particular place and the cause of action has also arisen at that place so as to enable it to file a suit at a distant place where its subordinate office is situated though at such place no cause of action has arisen. Such interpretation would cause great harm and would be juxtaposed to the very legislative intendment of the provisions so enacted.
5. In a case where cause of action has arisen at a place where the plaintiff is residing or where there are more than one such persons, any of them actually or voluntarily resides or carries on business or personally works for gain would oust the jurisdiction of other place where the cause of action has not arisen though at such a place, by virtue of having subordinate office, the plaintiff instituting a suit or other proceedings might be carrying on business or personally works for gain.
6. At the same time, the provisions of section 62 of the Copyright Act and section 134 of the Trade Marks Act have removed the embargo of suing

at place of accrual of cause of action wholly or in part, with regard to a place where the plaintiff or any of them ordinarily resides, carries on business or personally works for gain. We agree to the aforesaid extent the impediment imposed under section 20 of the CPC to a plaintiff to institute a suit in a court where the defendant resides or carries on business or where the cause of action wholly or in part arises, has been removed. But the right is subject to the rider in case plaintiff resides or has its principal place of business/carries on business or personally works for gain at a place where cause of action has also arisen, suit should be filed at that place not at other places where plaintiff is having branch offices etc.

- 7.** There is no doubt about it that the words used in section 62 of the Copyright Act and section 134 of the Trade Marks Act, 'notwithstanding anything contained in CPC or any other law for the time being in force', emphasize that the requirement of section 20 of the CPC would not have to be complied with by the plaintiff if he resides or carries on business in the local limits of the court where he has filed the suit but, in our view, at the same time, as the provision providing for an additional forum, cannot be interpreted in the manner that it has authorized the plaintiff to institute a suit at a different place other than the place where he is ordinarily residing or having principal office and incidentally where the cause of action wholly or in part has also arisen. The impugned judgments, in our considered view, do not take away the additional forum and fundamental basis of conferring the right and advantage to the authors of the Copyright Act and the Trade Marks Act provided under the aforesaid provisions.
- 8.** The provisions of section 62(2) of the Copyright Act and section 134 of the Trade Marks Act are *pari materia*. Section 134(2) of the Trade Marks Act is applicable to clauses (a) and (b) of section 134(1) of the Trade Marks Act. Thus, a procedure to institute suit with respect to section 134(1)(c) in respect of "passing off" continues to be governed by section 20 of CPC

CONCLUSION

This Judgment is a clear direction to Litigants including their attorneys for instituting a case in terms of Section 62 (2) of the Copyright Act and Section 134 (2) of the Trademarks act. The judgment clarifies that the suit can only be filed at a place where the plaintiff is having its principal place of business at a particular place and not at a distant place where its subordinate office is situated though at such place no cause of action has arisen.

RAKESH KUMAR Versus UNION OF INDIA & ORS.**Equivalent Citation: 2015(63) PTC84 (Del)****BRIEF FACTS**

1. The petitioner filed an application, bearing No. 700401, for registration of the trade mark "GOLDLINE" on 01.03.1996 in class 11. The said application was advertised in the trade marks journal No. mega 1 at page 58 on 25.08.2003. It is stated that thereafter, the petitioner received no information with respect to the said registration. On 24.06.2009, the petitioner sent a letter to the Trademark Registry stating that he had not received the registration certificate even though the website mentioned the status of the trade mark application No. 700401 as "Registered" and requested the Registry to provide a copy of the same. The petitioner sent further letters to the Registry, on 14.06.2010 and 25.07.2011, requesting for a copy of registration certificate.
2. The petitioner also filed an application under the Right to Information Act, 2005 on 01.03.2013 and in response to the said application, the petitioner became aware that the certificate of registration No. 359077 dated 26.04.2005 was dispatched from the office of the Registrar, Trade Marks (bearing dispatch No. 38058).
3. On 17.06.2013, the petitioner again checked the status of the trade mark application No. 700401 on the website of Trademark Registry and the same was shown as "Removed" with the History/PR details stated as follows:

"Mark has been removed from the register as it has not been renewed on time in accordance with the trade mark act, 1999 and notified in the trade mark journal"

4. It is the petitioner's case that it had never received the certificate of registration. The respondent contended that the petitioner had the knowledge of the trade mark in 2009 and yet did not take any expeditious step for renewal of the trade mark.
5. The controversy that needs to be addressed was whether the respondent can be directed to serve the registration certificate on the petitioner at this stage. The significance of granting this relief would be that the petitioner would have a right to apply for renewal of the registration of the trade mark, which has expired.
6. The Hon'ble High Court directed that the respondent deliver the certificate of registration No. 359077 dated 26.04.2005 to the petitioner within four weeks from today and in the event the petitioner submits an application for renewal of the trade mark within a period of one month thereafter, the same would be considered as having been filed within the time as prescribed under the Rules and would be, accordingly, considered by the Trade Marks Registry.

ISSUES-

The petitioner filed the Writ petition, inter alia, seeking a direction to the Trademark Registry to serve the certificate of registration of trade mark "GOLDLINE". The grievance of the petitioner was that it had not received the registration certificate for the aforementioned trade mark and has thus been prevented from seeking renewal thereof.

APPLICABLE LAW/ RULES

Rule 62 of the Trademarks Rules

62. Certificate of registration.-

(1) The certificate of registration of a trade mark to be issued by the Registrar under sub-section (2) of section 23 shall be in Form O-2. with such modification as the circumstances of any case may require, and the Registrar shall annex a copy of the trade mark to the certificate.

(2) The certificate of registration referred to in sub-rule (1) shall not be used in legal proceedings or for obtaining registration abroad.

(3) The Registrar may issue a duplicate or further copies of the certificate of registration on request by the registered proprietor in Form TM-59 accompanied by the prescribed fee. An unmounted representation of the mark exactly as shown in the form of application for registration thereof at the time of registration shall accompany such request.

Provided that if the Registrar is satisfied with the claim of the registered proprietor supported by evidence that the certificate of registration issued under sub-rule (1) has not been received by the registered proprietor, he may issue duplicate or copy of the certificate of registration without any further payment of fee :

Provided further that, no such duplicate or copy of certification of registration shall be issued where such request is received after the expiry of the time limit for renewal of registration and restoration of the registered trade mark"

VIEW OF THE HON'BLE HIGH COURT

- 1. The Hon'ble High Court** has followed the principle that "In absence of the records and the relevant material, the respondent's claim that the registration certificate was dispatched to the petitioner at its address cannot be accepted and the grievance of the petitioner has to be considered on the assumption that the respondent had not dispatched and served the registration certificate on the petitioner.

2. The Hon'ble High Court had also followed the earlier principle set out in an decision of the Hon'ble High Court that that the time limits specified under Rule 63 (3) would begin to run only after receipt of the certificate of registration by the Petitioner. Till the receipt of the registration certificate by the Petitioner, the time limit for the Petitioner having to file the application for renewal would not begin to run.

CONCLUSION

This Judgment is a respite to the genuine Applicants of Trademark who sometimes loses their Valuable right due to the procedural lapses of the Trademark Registry.

Thus as matter of Fact an Applicant can always seek to renew a Trademark on account of non- receipt of the Trademark Certificate.

This is in addition to the earlier decision of this High Court wherein it was held that notice in **Form O-3 was mandatorily required** and the Applicant can always seek to renew a Trademark on account of non-receipt of the mandatory O-3 notice as provided under the Act to be sent by the Trade Marks Registry, Reference: W.P. (Civil) No. 10189 of 2009 (Allied Nippon Limited v. Union of India) and order dated 28th July 2009 in W.P. (Civil) No. 10215 of 2009.

S. Syed Mohideen

Versus

P. Sulochana Bai

Civil Appeal No. 2758 of 2015
(Arising Out of SLP (C) No. 12671 of 2014)

Equivalent Citation: 2015(7) SCALE136

BRIEF FACTS

1. The Respondent herein is a registered owner of trade mark 'Iruttukadai Halwa'. Though, this trade mark was got registered by the Respondent/plaintiff sometime in the year 2007, as would be noted hereafter, according to the Respondent/plaintiff the business of selling halwa in the aforesaid name was started by her father-in-law way back in the year 1900. When she found that Appellant was also selling halwa under the trade name 'Iruttukadai Halwa', she filed suit for declaration, permanent injunction and other reliefs on the ground that the Appellant had adopted deceptive similar trade mark to confuse the consumers. This suit was decreed by the trial court on 20.04.2011. Insofar as the relief of rendition of accounts is concerned it was denied by the trial court. The Appellant herein filed an appeal against the said decree before the High Court of Madras. The High Court has dismissed the appeal, thereby affirming the decree of the trial court, vide judgment dated 07.06.2013. It is this judgment which is challenged by the Appellant/defendant in the present proceedings. The case set up by the Respondent/plaintiff in her suit was that her father-in-law, Mr. R. Krishna Singh, started the business of selling halwa in the year 1900 at East Car Street, Tirunelveli Town. After the death of Mr. R. Krishna Singh, the Respondent's husband late K. Bijili Singh, who is the son of Mr. R. Krishna Singh, continued the business till his death in the year 2000. After his death, the Respondent, who is the daughter-in-law of

late Mr. R. Krishna Singh, continued to carry on the business of selling halwa. It was also claimed that the product of halwa assumed an unique name of 'Irukkada Halwa' not only at Tirunelveli in Tamil Nadu region, but also in other parts of India as well as in foreign countries. It was further claimed that from the year 1900 till now, 'Irukkada Halwa Shop' would open only at 5.00 p.m. or 5.30 p.m., and would remain open till 10.30 p.m., or 11.00 p.m., each day and only one item is being sold viz., halwa. Since the quality of halwa assumed significance for the reason that even after the consumers purchased the halwa from Irukkada and stored the same in their homes, the taste and quality lasted longer and in view of maintaining such good quality, the consumers used to call this shop as 'Irukkada Halwa Shop'. In the long run, the word 'Irukkada' became the name of the shop. Since the halwa sold by Irukkada is considered as high quality and its taste lasts longer, in the beginning of 1900, when the shop was opened, only one oil lamp used to be lit in the centre of the shop. Due to passage of time, today in the place of oil lamp, the shop is illuminated with a 40W bulb. Unlike other shops, no other illumination is made in the shop in question as decoration.

2. While so, the Appellant/defendant's father, zealous for the goodwill enjoyed by the Respondent from the public and the proceeds emanated from the sale of halwa, started a shop in the name of 'Raja Sweets' just opposite to Tirunelveli Railway Station and sold halwa along with savouries. Subsequently, the Appellant also opened one another shop, 5 kilometers away from the Respondent's shop, in the name of 'Nellai Raja Sweets' and sold all other eatables by decorating the shop with fancy lights. However, the proceeds of the Respondent did not show any decline. After sometime, the Appellant again opened yet another shop at No. 1/1 A, Therkkuvasal opposite to Tirunelveli Railway Station in Madurai road in the name of 'Tirunelveli Irukkada Halwa' to deceive the public that the Respondent has opened another shop in the above said address by giving advertisement in Tamil Muryasu newspaper

daily on 26.06.2007. Some of the public, after seeing the advertisement made in the above said newspaper daily, started enquiring the Plaintiff/respondent as to whether any other shop has been opened in the name of Iruttukadai Halwa. As the Plaintiff has no other shop, the Plaintiff issued a lawyer's notice on 20.07.2007 calling upon the Defendant not to use the Plaintiffs trade mark for selling their sweet and savouries, since the Plaintiff has also registered under the Trade Marks Act in the name of 'Irruttukadai Halwa'. The Appellant also sent a reply on 30.07.2007 refusing to stop the selling of halwa. On the receipt of the aforesaid reply dated 30.07.2007 refusing to accede to the demand of the Respondent, the Respondent filed the suit for declaration, permanent injunction and rendition of accounts.

3. While decreeing the suit, the trial court reasoned that the Respondent's family started the business in the year 1900 which fact was proved by placing various documents. On this basis, the trial court recorded the finding that the Respondent is the prior user of the word 'Iruttukadai Halwa' and, therefore, she is entitled to the decree for declaration and injunction.
4. The High Court has also affirmed the aforesaid findings observing that the Respondent's trade mark name 'Iruttukadai Halwa' had become a household name in the nook and corner of the State of Tamil Nadu. There was even a famous Tamil song from the movie "Samy" wherein name of this halwa was mentioned time and again. Therefore, opined the High Court, no one can claim as his own name 'Iruttukadai Halwa' except the Respondent. The High Court recognized the fact that the Appellant had also got the trade mark 'Iruttukadai Halwa' registered. However, no credence to this aspect is given by the High Court on the ground that as a prior user with prior registration of the trade mark the Respondent had exclusive right to this trade mark. Another reason to confirm the decree is predicated on Section 34 of the Act, as per which rights of the prior user of the trade mark has been well recognized

5. The Hon'ble Supreme court has held that The Respondent has been able to establish that the trade mark 'Truttukadai Halwa' has been used by her/her predecessors since the year 1900. The order of the High Court was affirmed and the appeal was dismissed

ISSUES-

In the appeals, the question arising for consideration was whether the High Court was right in holding that

- i. The Respondent is the prior user of the trade mark 'Iruttukadai Halwa', and because of its long user the Respondent's trade mark has acquired a distinct reputation and goodwill in the business under the name and style 'Iruttukadai Halwa'. Therefore, as a prior user the Respondent/plaintiff will be entitled to injunction against the Respondent.
- ii. Because of the distinct reputation and goodwill earned by the Respondent in respect of trade mark 'Iruttukadai Halwa' the use of trade mark by the Appellant under the name and style of "Tirunelveli Iruttukadai Halwa', even when it is registered trade mark, will amount to deceiving the public and nobody is allowed to encroach upon the goodwill and reputation of the other party. In effect, rule against 'passing off is applied to give the relief."

APPLICABLE LAW/ RULES

TRADEMARKS ACT

Section 27.

No action for infringement of unregistered trade mark.

- (1) No person shall be entitled to institute any proceeding to prevent, or to recover damages for, the infringement of an unregistered trade mark.

(2) Nothing in this Act shall be deemed to affect rights of action against any person for passing off goods or services as the goods of another person or as services provided by another person, or the remedies in respect thereof."

Section 28

Rights conferred by registration.-

(1) Subject to the other provisions of this Act, the registration of a trade mark shall, if valid, give to the registered proprietor of the trade mark the exclusive right to the use of the trade mark in relation to the goods or services in respect of which the trade mark is registered and to obtain relief in respect of infringement of the trade mark in the manner provided by this Act.

(2) The exclusive right to the use of a trade mark given under Sub-section (1) shall be subject to any conditions and limitations to which the registration is subject.

(3) Where two or more persons are registered proprietors of trade marks, which are identical with or nearly resemble each other, the exclusive right to the use of any of those trade marks shall not (except so far as their respective rights are subject to any conditions or limitations entered on the register) be deemed to have been acquired by any one of those persons as against any other of those persons merely by registration of the trade marks but each of those persons has otherwise the same rights as against other persons (not being registered users using by way of permitted use) as he would have if he were the sole registered proprietor."

Section 34- Saving of Vested Rights

Nothing in this Act shall entitle the proprietor or a registered user of registered trade mark to interfere with or restrain the use by any

person of a trade mark identical with or nearly resembling it in relation to goods or services in relation to which that person or a predecessor in title of his has continuously used that trade mark from a date prior---

(a) to the use of the first-mentioned trade mark in relation to those goods or services be the proprietor or a predecessor in title of his: or

(b) to the date of registration of the first-mentioned trade mark in respect of those goods or services in the name of the proprietor of a predecessor in title of his: Whichever is the earlier, and the Registrar shall not refuse (on such use being proved) to register the second mentioned trade mark by reason only of the registration of the first-mentioned trade mark

VIEW OF THE HON'BLE SUPREME COURT

1. The Hon'ble Apex Court has held as under: A bare reading of this provision demonstrates the following rights given to the registered proprietor of the trade mark.

"(i) Exclusive right to use the trade mark in relation to the goods or services in respect of which the trade mark is registered.

(ii) To obtain relief in respect of infringement of trade mark in the manner provided by this Act."

2. Sub-section (3) of Section 28 with which we are directly concerned, contemplates a situation where two or more persons are registered proprietors of the trade marks which are identical with or nearly resemble each other. It, thus, postulates a situation where same or similar trade mark can be registered in favour of more than one person. On a plain stand alone reading of this Section, it is clear that

the exclusive right to use of any of those trade marks shall not be deemed to have been acquired by one registrant as against other registered owner of the trade mark (though at the same time they have the same rights as against third person). Thus, between the two persons who are the registered owners of the trade marks, there is no exclusive right to use the said trade mark against each other, which means this provision gives concurrent right to both the persons to use the registered trade mark in their favour. Otherwise also, it is a matter of common-sense that the Plaintiff can not say that its registered trade mark is infringed when the Defendant is also enjoying registration in the trade mark and such registration gives the Defendant as well right to use the same, as provided in Section 28(1) of the Act.

3. However, what is stated above is the reflection of Section 28 of the Act when that provision is seen and examined without reference to the other provisions of the Act. It is stated at the cost of repetition that as per this Section owner of registered trade mark cannot sue for infringement of his registered trade mark if the Appellant also has the trade mark which is registered. Having said so, a very important question arises for consideration at this stage, namely, whether such a Respondent can bring an action against the Appellant for passing off invoking the provisions of Section 27(2) of the Act. In other words, what would be the interplay of Section 27(2) and Section 28(3) of the Act is the issue that arises for consideration in the instant case.

4. As already noticed above, the trial court as well as High Court has granted the injunction in favour of the Respondent on the basis of prior user as well as on the ground that the trade mark of the Appellant, even if it is registered, would cause deception in the mind of public at large and the Appellant is trying to encash upon, exploit and ride upon on the goodwill of the Respondent herein. Therefore, the issue to be determined is as to whether in such a scenario, provisions of Section 27(2) would still be available even when the Appellant is

having registration of the trade mark of which he is using. After considering the entire matter in the light of the various provisions of the act and the scheme, our answer of the aforesaid question would be in the affirmative. Our reasons for arriving at this conclusion are the following:

"(A) Firstly, the answer to this proposition can be seen by carefully looking at the provisions of Trade Marks Act, 1999 (The Act). Collective reading of the provisions especially Section 27, 28, 29 and 34 of the Trade Marks Act, 1999 would show that the rights conferred by registration are subject to the rights of the prior user of the trademark. We have already reproduced Section 27 and Section 29 of the Act.

From the reading of Section 27(2) of the Act, it is clear that the right of action of any person for passing off the goods/services of another person and remedies thereof are not affected by the provisions of the Act. Thus, the rights in passing off are emanating from the common law and not from the provisions of the Act and they are independent from the rights conferred by the Act. This is evident from the reading of opening words of Section 27(2) which are "Nothing in this Act shall be deemed to affect rights...."

Likewise, the registration of the mark shall give exclusive rights to the use of the trademark subject to the other provisions of this Act. Thus, the rights granted by the registration in the form of exclusivity are not absolute but are subject to the provisions of the Act.

Section 28(3) of the Act provides that the rights of two registered proprietors of identical or nearly resembling trademarks shall not be enforced against each other. However, they shall be same against the third parties. Section 28(3) merely provides that there shall be no rights of one registered proprietor vis-à-vis another but only for the purpose of registration. The said provision 28 (3) nowhere comments about the rights of passing off which shall remain unaffected due to overriding

effect of Section 27(2) of the Act and thus the rights emanating from the common law shall remain undisturbed by the enactment of Section 28(3) which clearly states that the rights of one registered proprietor shall not be enforced against the another person.

Section 34 of the Trade Marks Act, 1999 provides that nothing in this Act shall entitle the registered proprietor or registered user to interfere with the rights of prior user. Conjoint reading of Section 34, 27 and 28 would show that the rights of registration are subject to Section 34 which, can be seen from the opening words of Section 28 of the Act which states "Subject to the other provisions of this Act, the registration of a trade mark shall, if valid, give to the registered proprietor.." and also the opening words of Section 34 which states "Nothing in this Act shall entitle the proprietor or a registered user of registered trade mark to interfere..". Thus, the scheme of the Act is such where rights of prior user are recognized superior than that of the registration and even the registered proprietor cannot disturb interfere with the rights of prior user. The overall effect of collective reading of the provisions of the Act is that the action for passing off which is premised on the rights of prior user generating a goodwill shall be unaffected by any registration provided under the Act.

B. The above were the reasonings from the provisions arising from the plain reading of the Act which gives clear indication that the rights of prior user are superior than that of registration and are unaffected by the registration rights under the Act. Secondly, there are other additional reasonings as to why the passing off rights are considered to be superior than that of registration rights.

C. Thirdly, it is also recognized principle in common law jurisdiction that passing off right is broader remedy than that of infringement. This is due to the reason that the passing off doctrine operates on the general principle that no person is entitled to represent his or her business as business of other person.

CONCLUSION

This judgement highlights that the rights conferred by registration are subject to the rights of the prior user of the trademark. The right of action of any person for passing off the goods/services of another person and remedies thereof are not affected by the provisions of the Act. FURTHER the scheme of the Act is such where rights of prior user are recognized superior than that of the registration and even the registered proprietor cannot disturb interfere with the rights of prior user.

Sun Pharmaceutical Industries Ltd.

Versus.

Anglo French Drugs and Industries Ltd.

Equivalent Citation: 2015(63)PTC580(Del)

BRIEF FACTS

- 1** The appellants/plaintiffs have come up in this appeal being aggrieved by the order dated 02.12.13 passed by a learned Single Judge of this court in IA Nos. 16701/2011 and 485/2012 in CS (OS) 2596/2011. By way of the impugned order the interim injunction granted to the appellant/plaintiff vide order dated 18.10.2011 has been vacated.
- 2** The appellant is a pharmaceutical company incorporated under the Companies Act, 1956 which markets drugs and formulations in India and over 30 countries in the world under a wide range of distinctive trademarks/brand names for the last several years. One of the medicinal preparations marketed by the appellant is Oxcarbazepine, an anticonvulsant and mood stabilizing drug used in the treatment of epilepsy and bipolar disorder under the trade mark **OXETOL**.
- 3** The appellant has been preparing and marketing this drug extensively and commercially since October 2001. The appellant's trademark OXETOL was registered in India in Class 5 under registration No. 1013231 on 31.05.2011 and No. 1232899 on 05.09.2003.
- 4** Respondent No.1 adopted the trademark **EXITOL** which the appellant came to know when Respondent No. 1's trademark application No. 1910625 dated 19.01.2010, on proposed to be used basis, was published in the Trade Mark Journal No. 1455 dated 25.10.2010. The appellant sent legal notice to respondent No.1 calling it to withdraw the impugned trademark application, however the respondent did not

give any reply and the appellant filed its notice of opposition before the Registrar of Trade Marks.

- 5** The medicine under the impugned trademark EXITOL is not available in any of the medicinal trade journals and/or markets. Respondent No.1 through its counsel sent an e-mail dated 12.05.2011 to the appellant offering to give an undertaking that they would confine the use of the mark EXITOL to granules and syrups containing Lactitol Monohydrate for treatment of constipation only and not use the mark towards any other pharmaceutical product.
- 6** The appellant wrote to the respondent's counsel seeking monetary compensation proposing grant of regulating license for compensation/ license fee which was declined by the defendant's counsel. It is the case of the appellant that the impugned trademark EXITOL of the respondent is almost identical to the appellant's trademark OXETOL and thus the same amounts to infringement and the act of the respondent constitutes an unfair competition as the respondents are using the trademark deceptively similar to the trademark of the appellant and thus taking advantage of the financial and human resources invested by the appellant since 2001 without incorporating any cost themselves.
- 7** The case of the respondent is that the respondent honestly adopted the mark EXITOL for treatment of constipation since it contains the salt namely Lactitol. The product is sold in syrup and granule form and there is difference in the mark of the appellant and that of the defendant. Respondent No.1 not only monitors the making of the products but also monitors the finished products including the marketing of them and its products enjoy great reputation and goodwill in the market.
- 8** The learned Single Judge considering all the pleas raised on behalf of the parties and on consideration of the facts and circumstances of the

case and both the competing marks held that the two trademarks are not similar and are quite distinct. The said findings are vehemently challenged by the appellants/plaintiffs in this appeal.

- 9 The Hon'ble Court disposed the appeal in the light of the aforesaid submissions and refutation of the same by the counsel appearing for the respondent /defendant.

ISSUES-

Whether there was any infirmity with the findings arrived at by the learned Single Judge at this stage, which are prima facie in nature By way of the impugned order by which the interim injunction granted to the appellant/plaintiff vide order dated 18.10.2011 has been vacated.

APPLICABLE LAW/RULES

"Section 28- Rights conferred by registration.-

- (1) Subject to the other provisions of this Act, the registration of a trade mark shall, if valid, give to the registered proprietor of the trade mark the exclusive right to the use of the trade mark in relation to the goods or services in respect of which the trade mark is registered and to obtain relief in respect of infringement of the trade mark in the manner provided by this Act.
- (2) The exclusive right to the use of a trade mark given under sub-section (1) shall be subject to any conditions and limitations to which the registration is subject.
- (3) Where two or more persons are registered proprietors of trade marks, which are identical with or nearly resemble each other, the exclusive right to the use of any of those trade marks shall not (except so far as

their respective rights are subject to any conditions or limitations entered on the register) be deemed to have been acquired by any one of those persons as against any other of those persons merely by registration of the trade marks but each of those persons has otherwise the same rights as against other persons (not being registered users using by way of permitted use) as he would have if he were the sole registered proprietor.

Section 29(1) provides that 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 is identical with, or deceptively similar to the trade mark in relation to goods or services in respect of which the trade mark is registered and in such manner as to render the use of the mark likely to be taken as being used as a trade mark.

Section 2(1)(h):The expression "deceptively similar" is defined in

"A mark shall be deemed to be deceptively similar to another mark if it so nearly resembles that other mark as to be likely to deceive or cause confusion."

VIEW OF THE HON'BLE HIGH COURT

6. **The Hon'ble High** Court has held that The Supreme Court in its Judgment in the case of Cadila Pharmaceuticals Ltd. (supra) has laid down the considerations that the Court has to keep in mind while considering the possibility of deception due to phonetic and/or visual similarity of trade mark in relation to pharmaceutical products
7. However the contours of the test laid down by the Supreme Court cannot be restricted by an artificial process which focuses attention

only upon the factual aspect of both products being pharmaceutical preparations. A subsequent part of the judgment, held thus:

"42. Broadly stated in an action for passing off on the basis of unregistered trade mark generally for deciding the question of deceptive similarity the following factors 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 resemblances 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 and

g) Any other surrounding circumstances which may be relevant in the extent of dissimilarity between the competing marks.

43. Weightage to be given to each of the aforesaid factors depends upon facts of each case and the same weightage cannot be given to each factor in every case."

8. It cannot lead to the conclusion that any slight semblance of phonetic similarity between two marks would automatically satisfy the test of

confusion to a man of average intelligence having imperfect recollection.

9. Both marks have to be seen as a whole. Admittedly, both the drugs are schedule H drugs and are sold only on prescription. The word TOL is prefixed by word 'EXI' in the defendant's mark and by the word 'OXE' in the appellant's mark. It is common knowledge that the medicinal preparations are named after the chemical composition, or the disease they cure, or the organ with which they are related.
10. It is noticed that the active ingredients of the two products are different. The product of the appellant is available in capsules and tablets and that of the respondent is available in syrups or granules. The packaging and visual representation of both the products is quite dissimilar. Further, the two drugs are used for totally different purposes, as OXETOL is used as an anticonvulsant for mood stabilizing whereas EXITOL is used as a laxative. The respondent's product EXITOL can be administered only to patients admitted in the hospital and thus it has to be prescribed by trained doctors and administered by trained nurses.
11. The Hon'ble High Court had finally held that We must indicate at this stage that interference in this appeal would be called for only if we reach the conclusion that the exercise of discretion in favour of the respondents is contrary to the settled principles for the grant of a temporary injunction as laid down in Wander Ltd. and Anr. v. Antox India P. Ltd.: MANU/SC/0595/1990 : 1990 (Supp) SCC 72. And In our considered view, we find no infirmity with the findings arrived at by the learned Single Judge at this stage, which are prima facie in nature

CONCLUSION

This Judgment further contour of the test laid down by the Supreme Court which cannot be restricted by an artificial process which focuses attention only upon the factual aspect of both products being pharmaceutical preparations.

It cannot lead to the conclusion that any slight semblance of phonetic similarity between two marks would automatically satisfy the test of confusion to a man of average intelligence having imperfect recollection. Both marks have to be seen as a whole.

ULTRA HOME CONSTRUCTION PVT. LTD

Versus

PURUSHOTTAM KUMAR CHAUBEY & ORS**FAO (OS) 494/2015 & CM 17816/2015
(Delhi High Court)****Equivalent Citation: 227(2016)DLT320****BRIEF FACTS**

1. The appeal was filed against the judgement dated 20.07.2015 delivered by a learned single judge of this court in CS (OS) 2065/2015. By virtue of the impugned judgement the learned single judge has dismissed a suit filed by the appellant/plaintiff on the ground that this court does not have the territorial jurisdiction to entertain the same. The said dismissal of the suit was in limine, without requiring the presence of the defendants /respondents.
2. The suit was filed by the appellant/plaintiff seeking an injunction against the defendants, alleging infringement of its trademark "AMRAPALI". The appellant / plaintiff, as alleged in the plaint, carries on the business of building, developing, colonising and promoting residential, commercial and industrial buildings, cinema houses, amusement parks, hotels and deals in all kinds of immovable properties. It is further alleged that the appellant / plaintiff (Ultra Home Construction Private Limited) is the flagship company of the AMRAPALI GROUP and has a number of other affiliate/associate companies in which it has a controlling stake either by itself or through the shareholding members or has common directors and shareholders. It is further alleged that due to the popularity of the

appellant company and its trademark AMRAPALI, the same has become the mark of the group as such and that is how the entire group is known as the AMRAPALI GROUP. According to the appellant / plaintiff, the AMRAPALI GROUP is the leader in real estate development industry. It is further stated in the plaint that the appellant / plaintiff has its principal place of business (registered office) at 307, Third floor, Nipun Tower, Community Centre, Karkardooma, Delhi-92.

3. It was also stated in the plaint that the plaintiff/appellant is *inter alia* operating a hotel at Deogarh, Jharkhand in association with Clark-Inn hotel group. The said hotel is being run under the name – Amrapali Clark-Inn. It is alleged that the defendants/respondents have launched a residential project at Deogarh, Jharkhand under a deceptively similar name – AMBAPALI GREEN.
4. It is evident that the appellant/plaintiff had invoked the jurisdiction of this court on the ground that its principal office (registered office) was located in Delhi and that, therefore, it carried on business in Delhi. Consequently, it was stated that this court has territorial jurisdiction within the meaning of section 134(2) of the Trade Marks Act, 1999 and also under section 62(2) of the Copyright Act, 1957 and the Code of Civil Procedure, 1908. The learned single judge, placing reliance on the recent decision of the Supreme Court in ***Indian Performing Rights Society Ltd v. Sanjay Dalia: (2015) 10 SCC 161***, disagreed.
5. The appeal was disposed off with an order of return of suit for proper presentation before proper court on account of lack of Jurisdiction.

ISSUES-

The question arising for consideration was to the interpretation of Section 20 of the CPC in correlation to Section 62 of the Copyright

Act, 1957 and Section 134(2) of the Trade Marks Act, 1999 with regard to the place where a suit can be instituted by the Plaintiff

APPLICABLE LAW/ RULES

The Code of Civil Procedure, 1908:

Section 20. Other suits to be instituted where defendants reside or cause of action arises.—Subject to the limitations aforesaid, every suit shall be instituted in a Court within the local limits of whose jurisdiction—

(a) the defendant, or each of the defendants where there are more than one, at the time of the commencement of the suit, actually and voluntarily resides, or **carries on business**, or personally works for gain; or

(b) any of the defendants, where there are more than one, at the time of the commencement of the suit, actually and voluntarily resides, or **carries on business**, or personally works for gain, provided that in such case either the leave of the Court is given, or the defendants who do not reside, or carry on business, or personally work for gain, as aforesaid, acquiesce in such institution; or

(c) the cause of action, wholly or in part, arises.

Explanation.—A corporation shall be deemed to carry on business at its sole or principal office in India or, in respect of any cause of action arising at any place where it has also a subordinate office, at such place

COPYRIGHT ACT

Section 62- Jurisdiction of court over matters arising under this Chapter. –

- (1) Every suit or other civil proceeding arising under this Chapter in respect of the infringement of copyright in any work or the infringement of any other right conferred by this Act shall be instituted in the district court having jurisdiction.
- (2) For the purpose of sub-section (1), and "district court having jurisdiction" shall, notwithstanding anything contained in the Code of Civil Procedure, 1908, or any other law for the time being in force, include a district court within the local limits of whose jurisdiction, at the time of the institution of the suit or other proceeding, the person instituting the suit or other proceeding or, where there are more than one such persons, any of them actually and voluntarily resides or carries on business or personally works for gain.

TRADEMARKS ACT

Section 134 - Suit for infringement, etc., to be instituted before District Court

- (1) No suit--
 - (a) for the infringement of a registered trade mark; or
 - (b) relating to any right in a registered trade mark; or
 - (c) for passing off arising out of the use by the defendant of any trade mark which is identical with or deceptively similar to the plaintiff's trade mark, whether registered or unregistered, shall be instituted in any court inferior to a District Court having jurisdiction to try the suit.
- (2) For the purpose of clauses (a) and (b) of sub-section (1), a "District Court having jurisdiction" shall, notwithstanding anything contained in the Code of Civil Procedure, 1908 (5 of 1908) or any other law for the time being in force, include a District Court within the local limits of whose jurisdiction, at the time of the institution of the suit or other proceeding, the

person instituting the suit or proceeding, or, where there are more than one such persons any of them, actually and voluntarily resides or carries on business or personally works for gain.

Explanation.--For the purposes of sub-section (2), "person" includes the registered proprietor and the registered user.

VIEW OF THE HON'BLE HIGH COURT

1. **The Hon'ble High** Court held as under: On examining the provisions of section 20 of the code, it is evident that a defendant could be sued *inter alia* where the defendant carried on business. If the defendant was a corporation (which expression includes a company), by virtue of the explanation after clause (c), it would be deemed to carry on business:-

- (1) if it had a sole office in India then at the place of the sole office;
- (2) if it had a principal office at one place as well as a subordinate office at another place then:-
 - (i) in case the cause of action arose at the place of the subordinate place, at that place; or
 - (ii) in case no part of the cause of action arose at the place of the subordinate office, at the place of the principal office.

This position was explained in ***Patel Roadways Ltd. V Prasad Trading Co.: (1991) 4 SCC 270***

2. The High Court has further held that as far as the interpretation of Section 20 CPC, which we have placed on this section does not create any practical or undue difficulties or disadvantage either to the plaintiff or a defendant corporation. It is true that, normally, under clauses (a) to (c), the plaintiff has a choice of forum and cannot be compelled to go to the place of residence or business of the

corporation and can file a suit at a place where the cause of action arises. If a corporation desires to be protected from being dragged into litigation at some place merely because a cause of action arises there it can save itself from such a situation by an exclusion clause as has been done in the present case. The clear intendment of the Explanation, however, is that, where the corporation has a subordinate office in the place where the cause of action arises, it cannot be heard to say that it cannot be sued there because it does not carry on business at that place. It would be a great hardship if, in spite of the corporation having a subordinate office at the place where the cause of action arises (with which in all probability the plaintiff has had dealings), such plaintiff is to be compelled to travel to the place where the corporation has its principal place. That place should be convenient to the plaintiff; and since the corporation has an office at such place, it will also be under no disadvantage. Thus the Explanation provides an alternative locus for the corporation's place of business, not an additional one.”

3. Thus, for the purpose of section 20 of the Code, a company having both a principal office and a subordinate office at a different place would be deemed to carry on business either at the principal office or at the place of the subordinate office but not at both places. If the cause of action arose at the place of the subordinate office then the company would be deemed to carry on business at the place of the subordinate office alone. On the other hand, if the cause of action did not arise at the place of the subordinate office then the company would be deemed to carry on business at the place of its principal office.
4. By virtue of the Supreme Court decision in **Sanjay Dalia** (*supra*) this deeming provision contained in the explanation in section 20 of the Code has been read into section 134(2) of the Trade Marks Act, 1999 and section 62(2) of the Copyright Act, 1957 for the purposes of

isolating the place where the plaintiff can be said to carry on business. It will be noted that though the expression “carries on business” is used in all the three provisions (i.e., section 20 of the Code, section 134(2) of the Trade marks Act, 1999 and section 62(2) of the Copyright Act, 1957), the deeming provision contained in the Explanation in section 20 of the Code has not been expressly incorporated in the other two provisions. But, the Supreme Court has, in the said decision, given the expression “carries on business” used in relation to a corporation in the context of a defendant in section 20 of the Code the same meaning when it is used in relation to a plaintiff under the said sections 134(2) and 62(2).

5. The Hon’ble High Court had also followed the earlier principle set out in an decision of the Apex Court and has held that “It is evident from the above observations that the interpretation given to the expression “carries on business” in the context of a defendant under section 20 of the Code has also been employed in the context of a plaintiff under the said sections 134(2) and 62(2). Thus, in addition to the places where suits could be filed under section 20 of the Code, the plaintiff can also institute a suit under the Trade Marks Act, 1999 and the Copyright Act, 1957, as the case may be, by taking advantage of the provisions of section 134(2) or section 62(2), respectively. Both the latter provisions are in *pari materia*.
6. Further the High Court has contemplated 4 situations in the context of the plaintiff being a corporation (which includes a company).

First of all, is the case where the plaintiff has a sole office. In such a case, even if the cause of action has arisen at a different place, the plaintiff can institute a suit at the place of the sole office.

Next is the case where the plaintiff has a principal office at one place and a subordinate or branch office at another place and the cause of action has arisen at the place of the principal office. In such a case,

the plaintiff may sue at the place of the principal office but cannot sue at the place of the subordinate office.

The third case is where the plaintiff has a principal office at one place and the cause of action has arisen at the place where its subordinate office is located. In this eventuality, the plaintiff would be deemed to carry on business at the place of his subordinate office and not at the place of the principal office. Thus, the plaintiff could sue at the place of the subordinate office and cannot sue (under the scheme of the provisions of section 134(2) and 62(2)) at the place of the principal office.

The fourth case is where the cause of action neither arises at the place of the principal office nor at the place of the subordinate office but at some other place. In this case, the plaintiff would be deemed to carry on business at the place of its principal office and not at the place of the subordinate office. And, consequently, it could institute a suit at the place of its principal office but not at the place of its subordinate office

CONCLUSION

The Contemplation of 4 situations by the Hon'ble High Court has led to ease the issue of Jurisdiction over matter related to Copyright and Trademarks. It can be of great help to either the Plaintiff who wish to file a case against the Defendants having offices at several location and the Defendants as well who can address the issue of contrary jurisdiction as provided in the said judgement.

STEPHEN KOEING

Versus

ARBITRATOR NIXI AND ANR

**FAO (OS) 42/2012
(Delhi High Court)**

Equivalent Citation: 2015(64)PTC406(Del)

BRIEF FACTS

6. The appeal was filed to question the correctness of the judgment of the learned Single Judge in OMP 132/2007 and OMP 928/2011, under Section 37 of the Arbitration and Conciliation Act ("the Act"). An award concerning a dispute regarding the domain name 'internet.in' was published dated 05.07.2006 by the learned sole Arbitrator (Respondent No.1 in OMP 132/2007). He was appointed by the National Internet Exchange of India ('NIXI')

7. The Arbitrator, in the Award dated 05.07.2006, held that:
 - (a) The domain name 'internet.in' of the Petitioner herein was identical and confusingly similar to Purohit's trade mark. It was held that nevertheless, Purohit did not establish that he had a trade mark over a generic word;
 - (b) The Petitioner had no right or legitimate interest in the domain name;
 - (c) The Petitioner registered the domain name 'internet.in' in bad faith. He had registered the domain name for the purpose of selling, transferring or renting it or to prevent other owners of the mark from reflecting the mark in a corresponding domain name.
 - (d) Consequently, the Petitioner was not entitled to retain the domain name and it was required to be struck off from the Registry;

(e) Purohit was also not entitled to transfer of the domain name in his name as he had also not established his bona fide rights in the trade mark; and

(f) The Petitioner could not, in the circumstances, allege reverse domain name hijacking by Purohit.

(g) The domain name 'internet.in' was to be confiscated by the .IN Registry and kept with it.

- 3 Findings of the learned Single Judge in the impugned order - Beginning by delineating the scope of his jurisdiction, under Section 34 of the Act, the learned Single Judge went on to analyze the relevant provisions of INDRP, i.e., Para 4. He then compared it with the provisions of UDRP. He noticed the differences in the following terms:

"26. There are at least four differences between the above para 4 of the INDRP and the corresponding Para 4 (a) of the UDRP. The first is the opening part of Para 4 of the INDRP indicating the 'premises' on which a complaint could be filed is absent in para 4 (a) UDRP. This is significant when read with the last line at the end of Para 4 (a) UDRP which states: "In the administrative proceeding, the complainant must prove that each of these three elements are present." The said line is absent in Para 4 INDRP. This is the second difference. The third difference is that at the end of sub-para (i) of Para 4 UDRP, the word 'and' figures. The fourth is that in sub-para (iii) of Para 4 of the UDRP it is to be shown by the complainant that the Registrant's domain name has been registered and is being used in bad faith. It is not for the court to speculate whether these differences in Para 4 INDRP were intentional or accidental. However, the court has to interpret the INDRP as it exists. It is not expected to supply the omissions read into the INDRP words that are absent.
XXXXXXXXXXXX XXXXXXXXXXXX XXXXXXXXXXXX

29. Para 4 INDRP is different from Para 4 (a) UNDRP in a significant way. While each of the sub-paras (i) to (iii) of Para 4

(a) of UNDRP are required to be 'proved' by the complainant cumulatively, as far as Para 4 INDRP is concerned the complainant can file a complaint on the 'premises' outlined in sub-paras (i) to (iii) of Para 4. There is no requirement that "each of the three elements" are shown to exist. If this is understood in light of the fact that the conjoint "and" is missing at the end of sub-para (i) of Para 4 INDRP, then it is possible to interpret Para 4 INDRP to mean that a complainant can succeed if he proves that the ground in sub-para (i) exists by itself. Alternatively he can succeed if he proves that the grounds in subparas (ii) and (iii) exist."

The impugned order then held that the arbitrator's finding that the domain name 'internet.in' and the trade mark 'internet' were identical was sound. It was held that the petitioner's domain name is likely to cause confusion in the minds of actual or potential customers with 'imperfect recollection' as regards the source of the goods and services when going on the net to search for a website using the said domain name. The fact that the goods for which Purohit held registration were different from internet related services which the Petitioner proposed to offer using the domain name, according to the impugned order "does not mitigate the possibility of such confusion, given the nature of e-commerce and the range of products that can be purchased on the net." The learned Single Judge differed from the conclusions of the arbitrator in regard to one issue, viz that Purohit did not establish that he had legitimate interest over the term 'internet'. In concluding as he did, the 10 learned Single Judge held that the arbitrator found that the word was generic and, therefore, incapable of trade mark rights. Here, the Single Judge reasoned that since Purohit held a valid registration over the said word mark, which had not been challenged by the petitioner, the former's legitimate rights over the mark stood established. The impugned judgment relies upon Sections 28 and 31 of the Act for this purpose

4 Purohit applied under the Trade Marks Act,1999 ("the Act") on 17.03.2003 for registration of the trade mark 'internet' in respect of 'Tobacco, raw or manufactured, smokers articles, matches included in Class 34'. The trade mark certificate was issued on 13.07.2005 which, in terms of Section 23 (1) of the Trade Marks Act, nevertheless related to the date of the making of the application, i.e., 17.03.2003. Purohit, therefore, holds trade mark rights over 'internet' under Class 34 from 17.03.2003. He did not avail of the benefits of the Sunrise policy and secured domain name registration using its trade mark. Koenig, a U.S.A resident, had the domain name 'internet.in' registered with the .IN Registry on 16.02.2005. On 31.01.2006, Purohit filed a complaint with the .IN Registry seeking the cancellation of the registration of the domain name 'internet.in' in favour of Koenig. Purohit urged that he had been using the trade mark 'internet' for over three years. The domain name 'internet.in' was confusingly similar to his trade mark. The Petitioner had- he alleged, registered in the .IN Registry several domain names in which he had no right or trade mark. These included air.in, computer.in, ink.in, internet.in, toner.in, usa.in, wise.in. The Petitioner's intentions were to sell the domain name to either Purohit or to another organization for a profit. Purohit alleged that the Petitioner had parked the domain name and was making money by luring customers to the website and tricking them into clicking on ads.

ISSUES-

The question arising for consideration was the interpretation of UDRP & INDRP provisions and whether the INDRP mechanism of dispute resolution through arbitration would fall within the description of an arbitration agreement under Section 7 of the Arbitration and Conciliation Act, 1996.

APPLICABLE LAW & RULES

Para 4 of the INDRP Policy read as follows:

"4. Types of Disputes Any person who considers that a registered domain name conflicts with his legitimate rights or interests may file a complaint to the .IN Registry on the following premises:

- (i) the Registrant's domain name is identical or confusingly similar to a name, trademark or service mark in which the Complainant has rights;
- (ii)** (ii) the Registrant has no rights or legitimate interests in respect of the domain name; and
- (iii)** (iii) the Registrant's domain name has been registered or is being used in bad faith."

Para 4(a) of the UDRP policy which reads

"4. Mandatory Administrative proceedings. This Paragraph sets forth the type of disputes for which you are required to submit to a mandatory administrative proceeding. These proceedings will be conducted before one of the administrative-dispute-resolution service providers listed at <http://www.icann.org/dndr/udrp/approved-providers.htm> (each, a "Provider"). a. Applicable Disputes. You are required to submit to a mandatory administrative proceeding in the event that a third party (a "complainant") asserts to the applicable Provider, in compliance with the Rules of Procedure, that

- (i)** your domain name is identical or confusingly similar to a trademark or service mark in which the complainant has rights; and
- (ii)** you have no rights or legitimate interests in respect of the domain name; and
- (iii)** your domain name has been registered and is being used in bad faith. In the administrative proceeding, the complainant must prove that each of these three elements are present."

VIEW OF THE HON'BLE HIGH COURT

7. The Hon'ble High Court held as under:

This Court finds the appellant's submission that the URDP conditions are to be read into the INDP provisions, unpersuasive. INDRP is what applies; it is not in dispute that its provisions were to be considered by the arbitrator in the present case. URDP is not like an umbrella legislation or a constitutional instrument, to which INDRP is subordinated in a hierarchy of norms. Both do not have the force of law. Instead, since INDRP is the mechanism for enforcement of norms governing NIXI, they constitute the norms applicable. The absence of any insistence of fulfillment of all conditions cumulatively does not lead to the reading into of such conditions from the URDP; there is nothing in the text of INDRP to support this; nor is there any other compulsion to do so.

- 8.** This Court notices that the arbitrator and the learned Single Judge both concurrently found that Purohit had discharged the initial onus placed on him to show that the appellant had no legitimate interest in the domain name and further he failed to prove the existence of any of the ingredients of Para 7 (*viz., the appellant's*) "*use of, or demonstrable preparations to use, the domain name or a name corresponding to the domain name in connection with a bona fide offering of goods or services*", *that he is "commonly known by the domain name even if he has no trademark" or that he is "making a legitimate non-commercial or fair use of the domain name."* These findings are entirely fact based and cannot be reviewed in appeal under Section 37.
- 9.** This Court notes that the INDRP mechanism of dispute resolution through arbitration would fall within the description of an arbitration agreement under Section 7 of the Arbitration and Conciliation Act, 1996. Therefore, awards made under the INDRP framework are to be

tested in the light of the law applicable for Section 34, which means that the courts have narrow and circumscribed powers to interfere with arbitral tribunal's determinations: if only the findings are based on patent legal errors, or contrary to terms of contract, or are so unreasonable that no reasonable man could have reached the conclusions that an arbitrator did, would interference be called for. The appellant has not been able to establish any of these elements. The award was, therefore, not liable to interference; the learned Single Judge said as much. We concur with his opinion

CONCLUSION

The said Judgement clearly provides that URDP is different from INDRP policy and the same cannot act as umbrella legislation or a constitutional instrument, to which INDRP is subordinated in a hierarchy of norms. This recognizes that INDRP is the mechanism for enforcement of norms governing NIXI, they constitute the norms applicable.

The judgment also removes the cloud over the enforcement of the awards passed by the Arbitrator by recognizing that the NIXI INDRP mechanism of dispute resolution through arbitration would fall within the description of an arbitration agreement under Section 7 of the Arbitration and Conciliation Act, 1996. Therefore, awards made under the INDRP framework are to be tested in the light of the law applicable for Section 34

KRBL Ltd.

Versus

Lal Mahal Ltd and Ors.

**FAO (OS) 185/2015 & CM 7017-7018/2015
(Delhi High Court)**

Equivalent Citation: 2015(62)PTC82(Del)

BRIEF FACTS

8. The appeal was filed against the judgement dated 23.02.2015 delivered by a learned single judge of this court vide which the Application under Order XXXIX Rules 1 & 2 of the Code of Civil Procedure (CPC) has been dismissed primarily on the ground of delay and laches and concealment.
9. The appellant, who is the plaintiff, filed the suit for permanent injunction, restraining, infringement, passing off of the appellant's mark "India Gate" by the respondent (defendant in the suit), who is using the mark "Church Gate". The appellant in the suit claimed a decree of permanent injunction restraining the respondent from using the word/mark/label with the device of "Gate" alleging it to be deceptively similar to the word/mark/label of the appellant's mark "India Gate" or the device of "India Gate" in relation to goods and processing of rice and allied/cognate goods.
10. As per the appellant, the predecessor of the appellant M/s. Khushi Ram Bihari Lal adopted the mark "India Gate" with the device of "India Gate" and has been exporting rice to foreign countries since 1993 and has built up its reputation and goodwill over the years. The appellant applied for registration of its trade mark/label in class 30 on 19.03.1999 and the application is still pending. Various other

applications for registration of the mark have been filed by the appellant. The appellant also claims to be the owner of the original art work of the device "India Gate" and the copyright involved in the same. The appellant claims to have spent a huge amount on the advertisement and, marketing and promotion of its mark "India Gate".

11. As per the appellant, the respondents have adopted a deceptively similar mark/label "Church Gate" with the device of "Gate" in relation to its goods, i.e., sale of rice, which amounts to infringement of the trade mark/label of the appellant. As per the plaint, the appellant learnt about the respondent's mark in the first week of January, 2014 when the appellant came across the impugned goods of the respondents in the Delhi market. In the plaint, it is averred that the appellant learnt about respondent No. 2's adoption of the mark "Church Gate" through the advertisement dated 28.07.2005 and the plaintiff filed the notice of opposition dated 12.08.2005 and the said opposition is pending. It is contended that the plaintiff, on filing the opposition, made enquiries and did not come across any of the vendible goods/articles of the defendant under the trade mark "Church Gate" and it was only in the first week of January, 2014, for the first time, that the appellant laid its hands on the impugned product under the impugned trade mark/label in the markets at Delhi. It is contended that the cause of action arose in first week of January, 2014 when the appellant, for the first time, came across the goods of respondents in the market. The appellant accordingly filed the present suit.
12. The respondent (the defendant in the subject suit), in the written statement, has raised several defences. It is contended that the two marks are not deceptively similar and the mark/label of the respondents is completely different from that of the appellant and there is no likelihood of any deception or confusion. It is further contended that the respondents are the prior adopters of the mark "Church Gate", having adopted the same in 1991, prior to the alleged adoption by the

appellant of the mark "India Gate" in 1993. It is further contended that the appellant in proceedings filed by the proprietor of a mark "Delhi Gate" had contended that the mark "India Gate" was not deceptively similar to the mark "Delhi Gate" and as such, the appellant is estopped from contending that the mark "India Gate" is deceptively similar to the mark "Church Gate". It is further contended that the suit filed by the plaintiff is barred on the ground of delay and laches inasmuch as the appellant became aware of the mark of the defendant as far back as in year 2005 and even filed a notice of opposition to the application of the respondent seeking registration of its mark "Church Gate". It is contended that the appellant by waiting for a period of nine years in filing the present suit has disentitled itself from grant of an injunction or an order of restraint against the respondent. It is further contended that the plea of the appellant that it became aware of the products of the respondent in first week of January, 2014 is palpably false and as such, the appellant is disentitled to the grant of any discretionary relief. It is contended that the respondent has a turnover of over several hundred crores and as such also, the discretion should not be exercised in favour of the appellant.

13. The learned Single Judge, by the impugned order dated 23.02.2015, has dismissed the application of the appellant primarily on the ground of delay and laches and concealment.

ISSUES-

The question arising for consideration was whether the learned Single Judge, was right in dismissing the application of the appellant primarily on the ground of delay and laches and concealment.

APPLICABLE ACT/RULES/ORDERS

The Code of Civil Procedure, 1908:

Order XXXIX Rule 1; Code of Civil Procedure, 1908 (CPC) - Order XXXIX Rule 2

VIEW OF THE HON'BLE HIGH COURT

- 1. The Hon'ble High Court** has held that the user claimed by the respondents is since 1991 and in contrast, the user claimed by the appellant is since 1993 for exports outside the country and for sales in the Indian market since the year 2000. The appellant admittedly was aware of the mark of the respondents. The knowledge can safely be attributed to the appellant from the year 2005 when the appellant filed the notice of opposition with the registrar of trademarks opposing the application filed by the respondents. The respondents had contended before the registrar of trademarks that they were using the mark since 1991. The plea of the appellant that till 2014, it did not find the goods of the defendant in the market, is not borne out from the record. On the other hand what is prima facie borne out from the record is that the respondents have been continuously using the mark since April 2004 till the filing of the documents and the written statement in this court. The respondents have placed on record several bills and invoices from April 2004 till 2014 to prima facie show continuous commercial user of its mark. One important factor is that both parties have been supplying through the same channels of suppliers. One such common supplier being the Kendriya Bhandars which is a government of India undertaking. Since both parties were supplying through Kendriya Bhandars, it can be presumed for a prima facie consideration that the appellants were aware of the existence of products bearing the mark of the respondents in the market. Further, it cannot at a prima facie stage be said that the documents pertaining to Kendriya Bhandars are forged or fabricated.

- 2.** There is, prima facie, an inexplicable delay on the part of the appellant in approaching the court. Since the year 2005 for over 9 years the appellant has kept silent and allowed the respondents to continue with the use of the impugned mark unhindered. As per the respondents, their volume of sales is in thousands of crores. The plea of the appellant in its plaint that the appellant learnt about the respondents' impugned trade mark/label in the 1st week of January, 2014 when the appellant came across the impugned goods of the appellants in the New Delhi market is prima facie not correct and as held by the learned single judge amounts to concealment and misrepresentation. Further the plea in the plaint that the appellant in the year 2005 immediately launched inquiries in the markets to ascertain the respondents impugned activities under the impugned trademark. The appellant at that point of time did not come across any of the vendible good/article of the respondents under the impugned trade mark in the market is prima facie not believable in view of the facts noted in the preceding paragraph about the bills and invoices of the respondents and the sales through common channels including Kendriya Bhandars by both the parties.
- 3.** In the present case, as noted above, there is delay on the part of the appellant of over 9 years in bringing the action against the respondents. The appellant has failed to sufficiently explain the delay on its part and on the other hand, the learned single judge has prima facie found that the explanation for the delay is not true and there is active concealment on the part of the appellant. The balance of convenience is in favour of the respondents as they have sales running into hundreds of crores.
- 4.** That the learned single judge has declined to exercise discretion in favour of the appellant. Grant of an ad-interim relief is a discretionary relief. In view of the facts as noted hereinabove, we are of the view that

the refusal to exercise discretion by the learned does not call for any interference.

CONCLUSION

The cases of passing off are on a different footing from the cases of infringement of registered trademarks. In a case of a registered trademark, the proprietor apart from common law rights also possesses statutory rights granted by the statute. On the other hand in the case of passing off of an unregistered trade mark/label the proprietor only possesses common law rights. Where common law rights are concerned, equity has a greater role to play. Therefore, in the case of an unregistered trade mark/label delay and laches on the part of the appellant in bringing an action would assume greater importance. In case the court is of the view that the delay in bringing an action is not substantial or is sufficiently explained, the court may still in the facts and circumstances grant an injunction but where the delay in bring an action is substantial and is not sufficiently explained the court is empowered to refuse to restrain the defendant

Lal Babu Priyadarshi

Versus

Amritpal Singh

CIVIL APPEAL NO. 2138 OF 2006
(SUPREME COURT OF INDIA)

Equivalent Citation: AIR2016SC461

BRIEF FACTS

1. The appeal was has been filed against the order dated 10.01.2005 passed by the Intellectual Property Appellate Board (in short 'the Board') in Original Appeal No. 35/2004/TM/KOL whereby the Board allowed the appeal filed by the respondent herein while setting aside the order dated 31.03.2004 passed by the Assistant Registrar of Trade Marks.
2. One Shri Lal Babu Priyadarshi-the appellant herein, trading as M/s Om Perfumery, Bakerganj, Daldali Road, Patna made an application to the Registrar of Trade Marks to register a trade mark by name "RAMAYAN" with the device of crown in class 3 in respect of incense sticks (agarbattis, dhoops) and perfumeries etc.
3. The respondent One Shri Amritpal Singh, was a dealer for the sale of the products of the appellant herein and was also trading as M/s Badshah Industries, Chitkohra, Punjabi Colony, Patna. The respondent herein filed a Notice of Opposition to oppose the registration of aforesaid trade mark under Sections 9, 11(a), 11(b), 11(e), 12(1), 12(3) and 18(1) of the Trade and Merchandise Marks Act, 1958 [repealed by the Trade Marks Act, 1999 (47 of 1999)-in short 'the Act'] claiming that the impugned mark, being the name of a religious book, cannot become the subject matter of monopoly for an individual.

4. The Assistant Registrar of Trade Marks, after holding that the impugned trade mark consists of device of crown and the word “RAMAYAN” is capable of distinguishing the goods and is not included in the list of marks not registrable under the Act, by order dated 31.03.2004, dismissed the application filed by the respondent herein.
5. Being aggrieved by the order dated 31.03.2004, the respondent herein preferred an appeal before the Board being Original Appeal No. 35/2004/TM/KOL. The Board, by order dated 10.01.2005, set aside the order dated 31.03.2004, passed by the Assistant Registrar of Trade Marks.
6. The appeal was dismissed holding no infirmity in the order dated 10.01.2005

ISSUES-

Whether the registration of the word “RAMAYAN” as a trade mark, being the name of a Holy Book of Hindus, is prohibited under Section 9(2) of the Trade Marks Act, 1999?

APPLICABLE LAW/RULES

Trademarks Act, 1999

Section 9. Absolute grounds for refusal of registration - (1) The trade marks -

(a) which are devoid of any distinctive character, that is to say, not capable of distinguishing the goods or services of one person from those of another person;

(b) which consist exclusively of marks or indications which may serve in trade to designate the kind, quality, quantity, intended purpose,

values, geographical origin or the time of production of the goods or rendering of the service or other characteristics of the goods or service;

(c) which consist exclusively of marks or indications which have become customary in the current language or in the bona fide and established practices of the trade,

shall not be registered:

Provided that a trade mark shall not be refused registration if before the date of application for registration it has acquired a distinctive character as a result of the use made of it or is a well-known trade mark.

(2) A mark shall not be registered as a trade mark if -

(a) it is of such nature as to deceive the public or cause confusion;

(b) it contains or comprises of any matter likely to hurt the religious susceptibilities of any class or section of the citizens of India;

(c) it comprises or contains scandalous or obscene matter;

(d) its use is prohibited under the Emblems and Names (Prevention of Improper Use) Act, 1950 (12 of 1950).

(3) A mark shall not be registered as a trade mark if it consists exclusively of -

(a) the shape of goods which results from the nature of the goods themselves; or

(b) the shape of goods which is necessary to obtain a technical result;
or

(c) the shape which gives substantial value to the goods.

Explanation. - For the purposes of this section, the nature of goods or services in relation to which the trade mark is used or proposed to be used shall not be a ground for refusal of registration.

VIEW OF THE HON'BLE HIGH COURT

- 1. The Hon'ble** Court held Held, while dismissing the appeals that Section 9 of the Act stipulates that the trade marks which are devoid of any distinctive character or which consist exclusively of marks or indications which may serve in trade to designate the kind, quality, quantity, intended purpose, values, geographical origin or the time of production of goods or rendering of the services or other characteristics of the goods or service or which consist exclusively of marks or indications which have become customary in the current language or in the bona fide and established practice of the trade shall not be registered, unless it is shown that the mark has in fact acquired a distinctive character as a result of use before the date of application. It also provides that a mark shall not be registered as trade marks if (i) it deceives the public or causes confusion, (ii) it contains or comprises of any matter likely to hurt the religious susceptibilities, (iii) it contains scandalous or obscene matter, (iv) its use is prohibited. It further provides that if a mark consists exclusively of (a) the shape of goods which form the nature of goods themselves, or (b) the shape of goods which is necessary to obtain a technical result, or (c) the shape which gives substantial value of the goods then it shall not be registered as trade mark.[13].
- 2.** The word "RAMAYAN" represents the title of a book written by Maharishi Valmiki and is considered to be a religious book of the Hindus in our country. Thus, using exclusive name of the book "RAMAYAN", for getting it registered as a trade mark for any commodity could not be permissible under the Act. If any other word is added as suffix or prefix to the word "RAMAYAN" and the alphabets or design or

length of the words are same as of the word "RAMAYAN" then the word "RAMAYAN" may lose its significance as a religious book and it may be considered for registration as a trade mark.[15].

3. However, in the present case, the Court found that the Appellant had applied for registration of the word "RAMAYAN" as a trade mark. The Court also found that in the photographs, after adding "OM's" to the word "RAMAYAN", at the top and in between "OM's and RAMAYAN", the sentence, "Three Top Class Aromatic Fragrance", is also written. Thus, it is not a case that the Appellant is seeking the registration of the word "OM's RAMAYAN" as a trade mark. Further, from the photographs, the Court found that the photographs of Lord Rama, Sita and Lakshman are also shown in the label which is a clear indication that the Appellant is taking advantage of the Gods and Goddesses which is otherwise not permitted.[15].
4. It has also come on record that the word "RAMAYAN" is being used as a mark for the similar products by more than 20 traders in Patna and in different parts of the country, and therefore, it has become public juris and common to the trade.[17].
5. There are many holy and religious books like Quran, Bible, Guru Granth Sahib, Ramayan etc., to name a few. The answer to the question as to whether any person can claim the name of a holy or religious book as a trade mark for his goods or services marketed by him is clearly 'NO'. Moreover, the Appellant has not been able to establish that the word "RAMAYAN" for which he has applied the trade mark had acquired a reputation of user in the market inasmuch as, the Court found that there are more than 20 traders in the city using the word "RAMAYAN" as a mark for the similar products and also in different parts of the country.[20]
6. On a perusal of the artistic work said to have been created, there is no doubt that both the marks are identical in design, colour, scheme and

the reproduction of photographs is in such a manner that an ordinary buyer would reasonably come to a mistaken conclusion that the article covered by one brand can be the article covered by the other. Both the parties have claimed to be manufacturing units engaged in certain goods.[20].

CONCLUSION

The importance of this judgment lies in the fact that it was held that the name of the religious or holy books cannot be monopolized by any person for his goods and services. The supreme court has clearly held that "There are many holy and religious books like Quran, Bible, Guru Granth Sahib, Ramayan etc., to name a few. The answer to the question as to whether any person can claim the name of a holy or religious book as a trade mark for his goods or services marketed by him is clearly 'NO'.

Larsen and Toubro Ltd. (L&T)

Versus.

Lachmi Narain Trades and Others

Equivalent Citation: (2015(64) PTC 386(Del))

BRIEF FACTS

1. The Plaintiff is a company existing under the laws of India which is engaged in the business of carrying on business, inter alia, as Engineers, Construction Contractors, Manufacturers of switch gears, etc. Since incorporation, the plaintiff has been carrying on business in India and over the years its business activities have spread in other parts of the world. The word "Larsen" and/or the word "Toubro" have been associated by the traders and members of the public exclusively with the plaintiff. The plaintiff is also known by its short name viz. "L & T" wherein "L" stands for Larsen and "T" for Toubro. The plaintiff's had applied for registering the marks "Larsen and Toubro" and "L&T" which has since been registered under various classes.
2. The Plaintiff learnt that the defendants were using the name/abbreviation "LNT"/"ELENTE" as a brand name for their electrical goods including electrical distribution systems like miniature circuit breakers etc. The Plaintiff also learnt through their Advocates that the defendant no.2 had applied for Trade Mark registration for the mark LNT which was pending before the Trademark Registry. The plaintiff sent cease and Desist letter to the Defendants restraining them from using the brand name "LNT/ELENTE" as a brand name for their electrical goods or in any other manner including but not limited to their name boards, letter heads, visiting cards, stationery and all other material used by them.

3. By their reply defendant Nos. 1, 2 and 3 have inter alia admitted that they are carrying on business in electrical goods and miniature circuit breakers and rotary switches under the trademark LNT. But the defendant Nos. 1, 2 and 3 have tried to justify use/adoption of the marks/name LNT by them. Thus being aggrieved, the plaintiff has filed the suit for perpetual injunction, passing off, rendition of accounts, etc. against the defendants.
4. The suit was decreed in favor of the Plaintiff and against the defendants and a decree of permanent action was passed restraining the defendants

ISSUES-

1. Whether the mark of the plaintiff  is similar to that of the Defendants mark  and whether such use of mark by defendant would cause or is likely to cause confusion in the mind of general public?
2. Whether the defendants are trying to pass off their goods as that of plaintiff's by use of Mark "LNT/ELENTE"?
3. Whether the plaintiff is entitled to a decree of perpetual injunction against the defendant, if so, on what terms and conditions?
4. Whether the plaintiff is entitled for damages, if so, how much?
5. Whether plaintiff is entitled for rendition of accounts?
6. Whether the plaintiff has acquiesced in defendant using brand name LNT, if so, to what effect?
7. Relief.

APPLICABLE LAW AND RULES

Trademark Act

Section 2(1)(m), the meaning of the "mark" includes a device, brand, heading, label, ticket, name, signature, word, letter, numeral, shape of goods, packaging or combination of colours or any combination thereof.

Section 2(1)(zb), the "trademark" means a mark capable of being represented graphically and which is capable of distinguishing the goods or services of one person from those of others and may include shape of goods, their packaging and combination of colours.

VIEW OF THE HON'BLE HIGH COURT

1. **The Hon'ble High Court** held as under:

It is settled law that competition must remain free, it is true. It is the life blood of free enterprise system. Yet it is essential that "trading must not only be honest but must not even unintentionally be unfair". If it is shown that a business of a trader has acquired a distinctive character, the law will restrain a competitor from using the same and prohibition order can be passed by Courts for unlawful activities. A line must be drawn somewhere between honest and dishonest trading, between fair and unfair competition. One cannot make use of the plaintiff's expensive labour and effort. One cannot deliberately reap where one has not sown and cannot be allowed to filch a rival trades. Passing off is thus a remedy for injury to goodwill.

2. The passing off is an action in deceit where there are three ingredients which are required to be satisfied in order to make out the case of the tort of passing off which are goodwill, misrepresentation in the course of the trade and resultant damage occurred to the plaintiff. The Hon'ble Court has held that In order to determine whether the plaintiff has established the ingredients for successfully bringing an action for passing off it will be appropriate to advert to the broad principles of the law of passing off.

In 'Kerly's Law of Trade Marks and Trade Names'- pages 42 and 43, paragraph 16-02, the concept of passing off is stated here as under:

"The law of passing-off can be summarised 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 an action has to prove in order to succeed. These are three in number.

- a) Firstly, he must establish a goodwill or reputation attached to the goods or services which he supplies in the mind of the purchasing public by association with the identifying 'get-up' (whether it consists simply of a brand name or a trade description, or the individual features of labelling or packaging) under which his particular goods or services are offered to the public, such that the get-up is recognised by the public as distinctive specifically of the plaintiff's goods or services.
- b) Secondly, he must demonstrate a misrepresentation by the defendant to the public (whether or not intentional) leading or likely to lead the public to belief that the goods or services offered by him are the goods or services of the plaintiff.
- c) Thirdly, he must demonstrate that he suffers or, in a quick time action, that he is likely to suffer damage by reason of the erroneous belief engendered by the 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..."

3. In the present case, this Court had to decide whether two marks of the parties i.e. L and T (of the plaintiff) and LNT/ELENTE (of the defendants) are deceptively similar or not. The Hon'ble Court has held that No doubt these are not identical marks. At the best, these may be considered as deceptively similar. The contention of the defendants is that the adoption is bonafide. The letters LNT have been adopted from the abbreviation of the name of main person concerned. Let me now consider as to whether the plea raised by the defendants is tenable in law. The similarity of plaintiff's and defendants' marks is evident from a side- by-side comparison of the two marks/logos which has been reproduced herein below:

32. In order to understand the arguments of the parties, one has to read together the definitions of "mark" and "trademark" under Sections 2(1)(m) and 2(1)(zb) of the Act. In

Section 2(1)(m), the meaning of the "mark" includes a device, brand, heading, label, ticket, name, signature, word, letter, numeral, shape of goods, packaging or combination of colours or any combination thereof. Similarly, as per Section 2(1)(zb), the "trademark" means a mark capable of being represented graphically and which is capable of distinguishing the goods or services of one person from those of others and may include shape of goods, their packaging and combination of colours.

4. The Hon'ble Court after relying on various test of comparison of rival marks and also relying on the the case of ***B.K. Engineering Co. vs. Ubhi Enterprises & Anr., AIR 1985 Delhi 210***, wherein the facts were that the plaintiff filed the suit for passing off against the defendants pertaining to the mark BK which is being used from time to time with the combination of main trademark 'Crown' in respect of

cycle bells. The suit was filed on the basis of distinctiveness of mark BK and prior user against the defendants who were using the mark BK81 for the same goods i.e. cycle bells. The case of the defendants was that the mark B.K. was non distinctive; 'Crown' was the main trademark of the plaintiff; BK was used by them in non-distinctive manner and it was not used regularly. The adoption of the mark BK81 is bonafide as the name of the mother of the Managing Partner was Baljit Kaur and she died in 1981, thus the mark adopted is bonafide. It is the abbreviation of the name of the mother Baljit Kaur. The plaintiff is hence not entitled for injunction. The learned Single Judge did not grant the injunction mainly on the reason that B.K. was not used as brand name. It was used with the main brand 'Crown'. The confusion and deception does not arise. The appeal filed by the plaintiff before the Division Bench was allowed and injunction was granted. The SLP filed by the defendants was dismissed. After recording the evidence the suit of the plaintiff was decreed. No further appeal was filed by the defendant. The above referred case is the closest case in hand.

5. Thus the Hon'ble relying on various landmark precedents held that it is apparent that chances of confusion and deception are apparent and the mark used by the defendants is deceptively similar. Thus, issue Nos.1 and 2 were decided in favor of plaintiff and against the defendants.
6. Issue No.3 was decided in favor of the plaintiff and against the defendants. Issue No.4 was not proved. Hence, the same is decided against the plaintiff. With regard to Issue No.5 pertaining to the relief of rendition of account, the counsel for the defendants during the course of hearing had informed that the defendants had stopped using the impugned mark after the interim order passed on 27th June, 2003. There was no user of the mark by the defendants for the last 12 years. The two marks are not absolutely identical. Thus, considering the facts and circumstances in the matter, no order as to decree for rendition of accounts of profit was passed. The issue No.5 was disposed of accordingly.

CONCLUSION

Under the given circumstances, the suit of the plaintiff was decreed in favor of the plaintiff and against the defendants and a decree for permanent injunction is passed restraining the defendants, their servants and/or agents from using in any manner in relation to any of its business/services/goods/products including the electrical goods such as electrical distribution systems, circuit breakers, rotary switches etc., the name/words/abbreviation "LNT/" "ELENTE" or any other deceptively similar marks/name/ words/abbreviated letters in relation to any of their goods.

Midas Hygiene Industries Pvt. Ltd.

Vs.

Sudhir Bhatia

RFA 239/2011, 240/2011 and 241/2011

(Delhi High Court)

Equivalent Citation: 225(2015)DLT178, 2015(64)PTC366(Del)

BRIEF FACTS

1. The appeal was filed against the judgement dated 20.07.2015. These appeals, under Section 72 of the Copyright Act, 1957, challenge the order of the Learned Copyright Board (hereinafter "the Board") dated 04.04.2011, which expunged registration numbers A-51334/91, A-55885/99, and A-55885/99 upon the petition filed on 23.01.07 by the respondent/Applicant, Sudhir Bhatia (hereinafter, "the respondent"). The ground in support of the appeal is that inter alia, the Board misapplied Section 15(2) of the Copyright Act, 1957 in the facts and circumstances of the case. The appellants (hereafter called "Midas") claim to be pioneers in insecticides and pesticide production in the form of chalks in India. After conceiving the idea and testing it, Midas launched commercial activity under the trademarks "Krazy Lines" and "Laxman Rekha" (hereafter "the trademarks") approximately in 1989. The trademarks were registered, bearing Nos. 545608 and 54610 respectively in 1991, and the packaging material of the products was registered under No. A-51334/91 of the Copyright Act.

2. The respondent was employed by the appellants from 1985 as he was a close relative of a director, Mr. S.S. Kapoor. In 1992, he started production of identical chinks under the trademarks "Krazy Lines" and "Laxman Rekha", pursuant to which a legal notice was served upon him on 28.02.1992, which was replied to by him. When such production activity continued in 1994, criminal proceedings were initiated against the respondent. Later that year, upon the insistence of family members, an agreement was signed between the opposing parties, which, inter alia, stipulated the abandonment of the trademarks "Krazy Lines" and "Laxman Rekha" by both the appellant and the respondent, after 30.06.1994.
3. The agreement, however, was breached, in the first instance, by the respondent, after which the appellant also found it expedient in their business' interests to flout its terms and continue production of the insecticide and pesticide chinks. Thereafter, Midas filed Suit No. 1821/1999 against the respondent before this Court. The matter, after being heard by a Single Judge and later, a Division Bench the Court, was eventually decided by the Supreme Court of India on 22.01.2004, restraining the respondent from using the said trademarks, during pendency of the suit on the file of this Court. The Supreme Court held that the cartons used by the respondent was "almost identical" to that of the appellant. The Court held that the respondent was unable to explain why such a mark was used and that this indicated a prima facie dishonest intention.
4. After these developments, the respondent filed a Rectification Petition Nos. F1-6/2007-CRB (WZ); F1-23/2007-CRB (WZ) and F1-24/2007-CRB (WZ) seeking cancellation of the copyright numbered A-55884/99

(copyright for "KRAZY LINES"); A-55885/99 (copyright for "LAXMAN REKHA") and A-55334/91 (copyright for "LAXMAN REKHA" and "KRAZY LINES") before the Board claiming to be the rightful proprietor of the said trademarks, and challenging the said registration on several grounds such as non-compliance with Rule 16 of the Copyright Rules, 1958, lack of originality in the artistic works of Midas, the lack of proper assignment between Midas and its predecessor-in-title. The Board ordered cancellation of the copyrights in the order dated 04.04.2011, which is the subject matter of these appeals.

5. The Copyright Board, which made the impugned orders, directing cancellation of copyright registration, restricted the scope of the appeal to a consideration of the true interpretation of Section 15 (2) of the Copyright Act, 2000, which enacts that where copyright in a design is capable of registration under the Designs Act, and is not so registered, as soon as the article - to which such copyright is applied, is produced more than fifty times through an industrial process, the copyright shall cease to exist. The Copyright Board held that the appellant's registration vis-à-vis the artistic work, in respect of which it had copyright, was capable of design registration and consequently, the omission to apply for and obtain design protection resulted in the cessation of copyright. The Board, in so concluding relied on a Division Bench ruling of this Court in *Microfibres v. Girdhar MANU/DE/0647/2009* : 2009 (4) PTC 519, particularly, the summation of the law, contained in Para 46 of the report. It was held that the copyrights of the appellants ceased the moment they used the artistic works for the purpose of the packaging, which was capable of design registration.
6. The appeal was allowed to the extent of findings of the board- that that the appellant's copyright registrations have to be cancelled or cannot stand, because they are capable of design registration and consequently covered by Section 15 (2) of the Copyright Act was set

aside. However, in view of the Board not returning any finding as to whether the work could qualify for protection as an artistic work, in the sense that it had the requisite element of originality, as well as whether the application was maintainable on account of the respondent's being a person aggrieved - as also the question of limitation, and laches, the matter is remitted to the Board for fresh hearing of the parties, and findings

ISSUES-

The question was of construction of the various provisions of the Copyright Act, Design Act & Trademark act and their co-relation.

APPLICABLE LAW/ RULES

COPYRIGHT ACT

Section 2 (c) "artistic work" means-

- (i) a painting, a sculpture, a drawing (including a diagram, map, chart or plan), an engraving or a photograph, whether or not any such work possesses artistic quality;
- (ii) a [work of architecture]; and
- (iii) any other work of artistic craftsmanship;

Section 15- Special provision regarding copyright in designs registered or capable of being registered under the Designs Act, 2000 (16 of 2000) -

(1) Copyright shall not subsist under this Act in any design which is registered under the Designs Act, 2000 (16 of 2000).

(2) Copyright in any design, which is capable of being registered under the Designs Act, 2000 (16 of 2000), but which has not been so

registered, shall cease as soon as any article to which the design has been applied has been reproduced more than fifty times by an industrial process by the owner of the copyright, or, with his license, by any other person.

Section 45- Entries in register of Copyrights. -(1) The author or publisher of, or the owner of or other person interested in the copyright in, any work may make an application in the prescribed form accompanied by the prescribed fee to the Registrar of Copyrights for entering particulars of the work in the Register of Copyrights:

Provided that in respect of an artistic work which is used or is capable of being used in (relation to any goods or services), the application shall include a statement to that effect and shall be accompanied by a certificate from the Registrar of Trade Marks referred to in [(Section 3 of the Trade Marks Act, 1999 (47 of 1999)], to the effect that no trade mark identical with or deceptively similar to such artistic work has been registered under that Act in the name of, or that no application has been made under that Act for such registration by, any person other than the applicant.]

(2) On receipt of an application in respect of any work under subsection (1), the Registrar of Copyrights may, after holding such inquiry as he may deem fit, enter the particulars of the work in the Register of Copyrights.

DESIGN ACT

Provisions of The Designs Act, 2000

Section 2. Definitions. - In this Act, unless there is anything repugnant in the subject or context.

(a) "article" means any article of manufacture and any substance, artificial, or partly artificial and partly natural; and includes any part of an article capable of being made and sold separately;

(c) "copyright" means the exclusive right to apply a design to any article in any class in which the design is registered;

(d) "design" means only the features of shape, configuration, pattern, ornament or composition of lines or colours applied to any article whether in two dimensional or three dimensional or in both forms, by any industrial process or means, whether manual, mechanical or chemical, separate or combined, which in the finished article appeal to and are judged solely by the eye; but does not include any mode or principle of construction or anything which is in substance a mere mechanical device, and does not include any trade mark as defined in clause (v) of Sub-section (1) of section 2 of the Trade and Merchandise Marks Act, 1958 (43 of 1958) or property mark as defined in section 479 of the Indian Penal Code (45 of 1860) or any artistic work as defined in clause (c) of section 2 of the Copyright Act, 1957 (14 of 1957).

Per: 4. Prohibition of registration of certain designs. - A design which-

(a) is not new or original; or

(b) has been disclosed to the public anywhere in India or in any other country by publication in tangible form or by use or in any other way prior to the filing date, or where applicable, the priority date of the application for registration; or

(c) is not significantly distinguishable from known designs or combination of known designs; or

(d) comprises or contains scandalous or obscene matter, shall not be registered.

TRADEMARKS ACT

Provisions of The Trade and Merchandise Marks Act, 1958 2 (v) "trade mark" means -

(i) in relation to Chapter X (other than section 81), a registered trade mark or a mark used in relation to goods for the purpose of indicating or so as to indicate a connection in the course of trade between the goods and some person having the right as proprietor to use the mark; and

(ii) in relation to the other provisions of this Act, a mark used or proposed to be used in relation to goods for the purpose of indicating or so as to indicate a connection in the course of trade between the goods and some person having the right, either as proprietor or as registered user, to use the mark whether with or without any indication of the identity of that person, and includes a certification trade mark registered as such under the provisions of Chapter VIII."

VIEW OF THE HON'BLE HIGH COURT

- 1. The Hon'ble High Court** held as under: This case concerns with the seeming overlap between three intellectual property rights, viz. copyright, trademark and design. Copyright protection is to the original expression of an idea. It has been characterized in *White-Smith Music Pub. Co. v. Apollo Co.* 209 (1908) U.S. 1 as the "The right to exclude" others from using the idea in the protected (i.e., expressed) form and the basis for this protection is "that the person to whom it is given has invented some new collocation of visible or audible points, - of lines, colors, sounds, or words. The restraint is directed against reproducing this collocation, although but for the invention and the statute any one

would be free to combine the contents of the dictionary, the elements of the spectrum, or the notes of the gamut in any way that he had the wit to devise. The restriction is confined to the specific form, to the collocation devised." Trademarks protect the distinctiveness of a mark, a logo, a symbol, and its association with a product or service. They are "badges of origin" which act as markers for the consumer to identify the source of goods or services (*Aristo Ltd. v. Rysta Ltd.* 1945 AC 68). Design rights, on the other hand, protect novelty of the design elements (shape, presentation, etc) of an article: it is significantly based on the visual appeal of the product or article.

- 2.** The undoubted facts here are that the appellant and the respondent have a long litigious history. The appellant sued the respondent complaining violation of trademark rights, in a passing off action. The Division Bench set aside the interim order made in its favour; ultimately, the Supreme Court restored the learned single judge's restraint order. The appellant had obtained copyright registrations based on its applications that the author of the artistic works of the label for LAXMAN REKHA and KRAZY LINES, two works, had assigned his rights to it. These three copyright registrations were obtained in 1991; they were renewed in 1999. They were also disclosed in the passing off suit, filed against the respondent in 1999. After the final order (in the interim injunction appeal of the appellant) by the Supreme Court (rendered in 2003), the respondent filed applications under Section 50 of the Copyright Act, for cancellation of copyright registration. These were allowed by the Board in its impugned order.
- 3.** As is evident from the previous factual narrative, the primary bone of contention between the parties to this litigation is the design registration capability of the artistic work used by the appellant to market its products. The appellant faults the impugned decision of the Board canceling its copyrights. It argues that the artistic work cannot

be registered because it is excluded from the definition of the expression "design" under the Designs Act. It next argues that even otherwise the reproduction of the artistic work on a package as a label does not automatically compel the registration of the article namely the package or container as a design. Quite naturally, the respondent argues to the contrary and urges this Court to uphold the Board's decision. The respondent primarily bases his argument upon the text of Section 15(2) of the Designs Act. Both parties base their arguments upon the previous Division Bench ruling in Microfibers.

4. The definition of the expression "artistic work" in the Copyright Act is expansive. It includes both a painting and a drawing. To that extent, the appellant is correct in asserting that the subject work is an artistic work and consequently capable of copyright protection. Indeed the pleadings before the Board are predicated not only on the assertion of design protection capability of the subject work but also the averment that it lacks the originality which makes an artistic work copyrightable in the first instance. There is consequently an implicit admission that the subject mark or work -or label, if you have it - should not be afforded copyright protection through a registration. If so, this averment is reason enough to negate the respondent's submission with regard to applicability of Section 15 (2) because of the definition of "design" (Section 2(d) of the Designs Act) clarifies that "design" means only the features of shape, configuration, pattern, ornament or composition of lines or colours applied to any article whether in two dimensional or three dimensional or in both forms, by any industrial process or means.... and does not include any trade mark as defined in clause (v) of sub-section (1) of section 2 of the Trade and Merchandise Marks Act, 1958 (43 of 1958) or property mark as defined in section 479 of the Indian Penal Code (45 of 1860) or any artistic work as defined in clause (c) of section 2 of the Copyright Act, 1957 (14 of 1957)." The applications under Section 50 before the Board, by the respondent, clearly state (for instance in Paras 7 and 9) that a) there is

no authorship of the artistic work in question, to claim copyright and secondly that the artistic work lacks originality. Clearly, therefore, the respondent's argument was that the subject label/work is in fact an artistic work. Such being the case, the Board, in this Court's opinion, fell into error in wholly ignoring the definition of "design" which excludes, inter alia, artistic works - so defined under the Copyright Act and that labels - as defined under the old Trade and Merchandise Marks Act, are excluded. Here, it may be emphasized that "trademark" under the said 1958 Act is defined as a trademark used in "relation to" goods (Section 2 (v) (i)).

5. The Court would not rest its decision on the narrow premise indicated above; it would now proceed to discuss the submission of the parties as to the central issue, urged by them, i.e. the design registration capability which according to the respondent, disentitled copyright protection. As evident from the language of Section 15 of the Copyright Act, copyright does not subsist in a registered design. The rationale for this is that someone's choice of design registration is a conscious decision to use the underlying work, for mass production. The design then reaches, through the medium of the product or the article, a wider audience; it has a commercial element. This is of course possible in the cases of designs of products and articles, which are sold widely or have a market. However, that is not always so in the case of an artistic work - typically a painting a drawing or even a sculpture for instance (which are closest species of copyrights that overlap with designs). Yet the transformation of a work of art into a design results in the possibility of its protection as a design. Section 15(1) dictates that if this kind of work is registered as a design, there is no copyright protection. Section 15 (2) on the other hand, says that if a work is capable of design registration, and is not registered, but replicated as a product or article through a design more than 50 times through mechanical process, copyright in that work ceases. Now this injects a complicating dimension, because works of art, primarily so, which are also capable

of design registration, would lose even copyright protection, thus undermining the creative impulse and the efficacy which the Copyright Act in the first place assures. The dichotomy -indeed the difficulty in articulating an acceptable harmony between these two strands of thought was seen long ago. This was noticed and commented upon in *King Features Syndicate Incorporated and Frank Cecil Betts, the Personal representative of Elzie Chrisler Segar, Deceased v. O & M Kleeman Ltd.* 1941 (48) RPC 207. In that case, the anthropomorphic cartoon strip character "Popeye the Sailor" used in comics and later in films, was reproduced in the form of toys and brooches. The author did not industrialize the cartoon character, but later, due to its popularity, he licensed some manufacturers to produce articles in the toys, brooches, etc. The House of Lords drew a distinction between copyright under the Copyright Act on the one hand, and "design copyright" under the relevant Designs law. The Court concluded that such design rights are separate and their extinction did not result in cessation of copyright in the work (i.e., the cartoon character in question).

6. Whether or not a design is preceded by an original artistic work, a design would, in its own right qualify to be termed as an artistic work within the meaning of Section 2(c) of the Copyright Act. This is so because the expression "artistic work" as defined in Section 2(c) of the Copyright Act bears a wide definition to mean a painting, a sculpture, a drawing (including a diagram, map, chart or plan), an engraving or a photograph, whether or not any such work possesses artistic quality. However, the design may or may not enjoy a copyright protection under the Copyright Act, depending on whether it is an "original artistic work" or not.
7. The expression "copyright in any design" used in Section 15(2) means the copyright as understood under the Copyright Act, and not under the Designs Act. This is evident from the expression "copyright shall not subsist under this Act" used in sub-section (1) of Section 15. However,

copyright in an artistic work subsists provided it is an original artistic work. Therefore, there can be no claim for Copyright under the Copyright Act in an artistic work which does not have the quality of possessing originality. The holder of a copy of an original artistic work cannot claim copyright protection. Therefore, to be entitled to protection under the Copyright Act, the design should have originality. That is not to say that if the design is not entitled to copyright protection under the Copyright Act, on account of it not possessing originality vis-à-vis the original artistic work, the design does not require, or cannot be granted registration under the Designs Act for it to be entitled to protection under the Designs Act.

Under the Designs Act, a copyright has a different connotation from a copyright under the Copyright Act. Under the Designs Act, copyright means the exclusive right to apply the design to any article in any class in which the design is registered.

- 8.** The issue with regard to the extent of, and the conditions for the copyright protection to such an artistic work, as an artistic work under the Copyright Act, which is a design registered or capable of registration under the Designs Act, is what is dealt with, by section 15 of the Copyright Act. Once the distinction between the original artistic work and the design derived from it, and the distinction between Copyright in an original artistic work under the Copyright Act, and a copyright in a design under the Designs Act is appreciated, the meaning and purport of section 15 of the Copyright Act becomes clear.
- 9.** Section 15 of the Copyright Act is in two parts. The first part i.e. sub-section (1) states that copyright shall not subsist under the Copyright Act in any design which is registered under the Designs Act. Consequently once the design is created and got registered under the Designs Act, whether or not the design is eventually applied to an article by an industrial process, the design loses its protection as an artistic work under the Copyright Act. Therefore, subject to whatever

rights that are available under the Designs Act, the registered design holder cannot claim protection or complain of copyright infringement in respect of the registered Design under the Copyright Act.

- 10.** Subsection (2) of section 15 deals with the situation where the design, which is capable of being registered under the Designs Act, is not so registered. It provides that copyright in such a design shall cease as soon as any article to which the design has been applied has been reproduced more than 50 times by an industrial process by the owner of the copyright or with his licence, by any other person. It is clear to us that the Parliament in Section 15 of the Copyright Act was dealing with the aspect of copyright in a registered/registrable design, as understood in the Copyright Act and not the Designs Act. Else, there was no need to deal with this aspect in the Copyright Act. The same would have been dealt with under the Designs Act. Therefore, the law tolerates only a limited industrial, or shall we say commercial, exploitation of the original artistic work by the application/reproduction of the said work in any other form or reproduction of copies thereof in exercise of the rights under Section 14(c)(1) and 14(c)(iii) of the Copyright Act. Beyond the specified limit, if the design derived from the original artistic work is exploited (i.e. if the design is applied more than 50 times by an industrial process on an article) the copyright in the design ceases unless it is registered under the Designs Act.
- 11.** We do hold that in the original work of art, copyright would exist and the author/holder would continue enjoying the longer protection granted under the Copyright Act in respect of the original artistic work. Thus, for instance a famous painting will continue to enjoy the protection available to an artistic work under the Copyright Act. A design created from such a painting for the purpose of industrial application on an article so as to produce an article which has features

of shape, or configuration or pattern or ornament or composition of lines or colours and which appeals to the eye would also be entitled design protection in terms of the provisions of the Designs Act. Therefore, if the design is registered under the Designs Act, the Design would lose its copyright protection under the Copyright Act but not the original painting. If it is a design registrable under the Designs Act but has not so been registered, the Design would continue to enjoy copyright protection under the Act so long as the threshold limit of its application on an article by an industrial process for more than 50 times is reached. But once that limit is crossed, it would lose its copyright protection under the Copyright Act. This interpretation, in our view, would harmonize the Copyright and the Designs Act in accordance with the legislative intent.

CONCLUSION

It was observed by the Hon'ble Court that the instant case concerns with the seeming overlap between three intellectual property rights, viz. copyright, trademark and design. Copyright protection is to the original expression of an idea.

The Hon'ble Court observed that the definition of the expression "artistic work" in the Copyright Act is expansive. It includes both a painting and a drawing. To that extent, it is correct to state that the subject work is an artistic work and consequently capable of copyright protection.



The label is clearly both a trademark, as it indicates the brand and the origin (i.e. the manufacturer or producer) as well as a copyright, as it contains a combination of colours and stylized lettering, set in red colour, with the image of a cockroach. The expression "LAXMAN REKHA" and the other one, "KRAZY LINES" are at least in combination with the colour scheme and get up, trade-marks; hence they are labels and clearly excluded from the definition of "designs".

Relying on various landmark judgments, the Hon'ble Court held that the finding of the Board that the appellant's copyright registrations have to be cancelled or cannot stand, because they are capable of design registration and consequently covered by Section 15 (2) of the Copyright Act, are set aside. The appeal was, therefore allowed to the extent indicated above- all findings with respect to application of Section 15 (2) of the Copyright Act are set aside.

Disclaimer

It is to be noted that the above illustration is provided to the reader for reference and understanding. It does not constitute legal opinion in any manner whatsoever.

While summarizing portions of judgements, maximum and honest effort has been taken to maintain the same effect and interpretation of the summarized text. However, due to linguistic, grammatical and expressive deviations from the original text required for the summary, interpretation and effect may not be absolutely congruent.

References used for judgements for the purpose of this document, were reliable and ordinarily known to be accurate and it is believed that information provided therein is true to the best of our knowledge. If however, there is any discrepancy or inaccuracy therewith, Khurana and Khurana disclaims any liability thereto, but invites the readers to highlight the same so that it can be checked and if relevant, rectified in this document.