

* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

+ **FAO (OS) 347/2008**

ALLIED BLENDERS & DISTILLERS P.LTD. Appellant
Through: Mr. Sudhir Chandra, Sr. Adv.
Mr. Sandeep Sethi, Sr. Adv. With
Mr. Praveen Anand, Mr. Sanjay Chhabra
and Mr. Mohit Lahoty, Advocates

versus

PAUL P. JOHN & ORS. Respondents
Through: Mr. Arun Jaitely, Sr. Adv.
Mr. Sanjay Jain, Sr. Adv. With
Mr. Sushant Singh, Advocate

+ **FAO (OS) 365/2008**

ALLIED BLENDERS & DISTILLERS P.LTD. Appellant
Through: Mr. Sudhir Chandra, Sr. Adv.
Mr. Sandeep Sethi, Sr. Adv. With
Mr. Praveen Anand, Mr. Sanjay Chhabra
and Mr. Mohit Lahoty, Advocates

versus

PAUL P. JOHN & ORS. Respondents
Through: Mr. Arun Jaitely, Sr. Adv.
Mr. Sanjay Jain, Sr. Adv. With
Mr. Sushant Singh, Advocate

% **DATE OF DECISION:**
29.09.2008

CORAM:

* **Hon'ble Mr.Justice Pradeep Nandrajog**
Hon'ble Mr.Justice Sunil Gaur

1. Whether reporters of local papers may be allowed
to see the judgment? Yes.

2. To be referred to the Reporter or not? Yes.

3. Whether judgment should be reported in Digest? Yes.

PRADEEP NANDRAJOG, J.

1. By a common order dated 11.7.2008, five applications, three applications filed in CS(OS) No.383/2007 and two applications filed in CS(OS) No.1058/2002 have been disposed of resulting in the appellant who was the plaintiff in both suits not being held entitled to any interim injunction against the respondents who were the defendants in the two suits. The result is that the respondents have been permitted to sell whisky under the trade-mark/trade-name 'ORIGINAL CHOICE'. However, the respondents have been directed to maintain accounts in respect of the sales and make the sale available to the Court as and when so directed.

2. CS(OS) No.1058/2002 was filed somewhere in the middle of the year 2002; action was for an alleged passing off. Appellant's application for registration of the mark 'OFFICERS CHOICE' was pending registration with the Registrar of Trademarks in relation to whisky falling under class 33 of the fourth schedule to the TM Rules. During the pendency of the said suit the registration was granted on 19.4.2007 but with a disclaimer that the appellant would not have any exclusive right

to the use of the word 'CHOICE'. Upon registration of the mark 'OFFICERS CHOICE' a second suit was filed being CS(OS) No.383/2007 maintaining an action for infringement of the registered trademark of the appellant.

3. The respondents had also applied for registration of their mark 'ORIGINAL CHOICE' which was registered by the Registrar of Trademarks in the year 2007.

4. The appellant took recourse to the statutory remedy under the TM Act 1999 before the Intellectual Property Appellate Board questioning the registration granted by the Registrar of Trademarks to the Mark 'ORIGINAL CHOICE'. Said proceedings are still pending.

5. Before the learned Single Judge on the original side of this Court, both the suits were stayed by consent of parties in view of Section 124 of the TM Act 1999. But, in view of sub-Section 5 of Section 124 of the TM Act 1999, the interlocutory applications seeking interim orders were heard with a clear understanding that the learned Trial Judge would consider the rival versions in relation to the plea of passing off.

6. The learned Trial Judge has declined the interim injunction as prayed for by the appellant holding that the appellant was aware since 1995 that the defendant was

marketing whisky under the trade-mark/trade-name 'ORIGINAL CHOICE' and that delay and acquiescence being major considerations in an action for passing off, the case of the appellant was seriously dented. With respect to the quantum of sale of whisky effected by the respondents since 1996 it has been held that the same show that the respondents grew substantially and the appellant sat by watching the respondent grow in the market and hence was not entitled to the discretionary relief of injunction. The second reason given by the learned Trial Judge is that the labels used by the appellant and the respondents for sale of their product do not give the impression that the bottles and the labels of the respondents could be passed off as the bottle and label of the appellant.

7. Learned counsel for the parties argued the appeal in relation to the said two findings of the learned Single Judge. Sh.Sudhir Chandra learned Senior Counsel for the appellant urged that both views expressed by the learned Trial Judge are unsound for the reason there was no material to show that the appellant was aware of the sales effected by the respondents since 1996 for the reason the sales were confined only in the State of Karnataka where the respondent had made an entry in the year 1996. It was urged that the learned Single Judge failed to appreciate the plea of the appellant that the whisky sold by

the appellant under the trade-mark 'OFFICERS CHOICE' was popularly known as 'OC' and that the deception has to be considered keeping in mind a consumer at the whisky shop or at a bar, who would presumably ask for 'OC' whisky and could be misled by a whisky bottle displaying the name 'ORIGINAL CHOICE' as 'OC' whisky. Learned Senior Counsel further urged that the question whether deception can occur has to be approached from the point of view of a man of average intelligence and imperfect recollection. The overall structural and phonetic similarity of the two names has to be kept in view with equal weightage to both facets i.e. 'structural' and 'phonetic'. Learned Senior Counsel urged that the bottles used by the respondents were identical to those of the appellant. The label having white background with printing in red colour; the cap being white with print in red colour was the same in the two products i.e. that of the appellant and the respondents. Since the trade channel was the same and class of consumer was common, learned Senior Counsel urged that having not taken into consideration all said factors, the learned Single Judge has acted with material irregularity while exercising the equitable jurisdiction.

8. Sh. Arun Jaitely learned Senior Counsel for the respondent urged that admittedly, the appellant learnt about

the respondents product entering the market when the respondent applied for approval of its label before marketing the product in the State of Karnataka as per the requirement of Karnataka Excise (Bottling of Liquor) Rules 1967. The appellant admittedly filed objections on 17.10.1995 before the Commission of Excise Karnataka, inter alia, objecting as under:-

“As you are aware, under an arrangement with Tracstar Investments Ltd., Bangalore we have authorized them to bottle and sale one of our brands of Indian Made Foreign Liquor (IMFL) viz. Officer’s Choice Prestige Whisky, among others. The aforesaid label of Officer’s Choice Prestige Whisky has already been approved by you for Tracstar Investments Ltd. to manufacture and sale.

We have come across a new brand of IMFL under the name and style of “ORIGINAL CHOICE PRESTIGE WHISKY” which has been introduced in Karnataka market by one National Distilleries & Allied Products, Panthrapalaya, Mysore Road, Bangalore – 560 039. This has been done with a clear intention of passing it off as our product Officer’s Choice.

It is a common practice in liquor trade to refer to popular brands in short by its initials, like OC for Officer’s Choice. You will appreciate that the abbreviations for the new brand of “ORIGINAL CHOICE” is exactly the same as that of our brand “OFFICER’S CHOICE”.

This apart, the colour combination and lettering style in the label of the infringing brand of “ORIGINAL CHOICE” is deceptively similar to that of our brand “Officer’s Choice” both visually as well as phonetically. You will agree that it will create confusion in the market and will mislead the customers in general, if it is allowed to be sold side by side with our product Officer’s Choice. This will cause immense damage to the long standing

reputation and goodwill of our renowned brand under reference “Officer’s Choice”.

9. Drawing attention to a chart showing the comparative sales (in crates) it was urged that till the first suit was filed in the year 2002, the respondent constantly grew in the market and has continued to grow till date and has in fact overtaken the sales effected by the appellant. Therefrom, Sh.Arun Jaitely learned Senior Counsel sought to bring home the point that it was a clear case of acquiescence disentitling the appellant to any interim relief who sat by the side, watching the respondent spend money on expansion and marketing. The comparative sale figures referred to by Sh. Arun Jaitely learned Senior Counsel for the respondent are as under:-

S.No.	Year	Original Choice- Whisky	Original choice Rum, Brandy Gin	Total 3 + 4	Officer Choice Sales Figures
1	2	3	4	5	6
1	1996-97	63,984	0	63,984	1305295
2	1997-98	77,797	0	77,797	2054906
3.	1998-99	169,137	0	169,137	2503766
4.	1999-00	119,278	0	119,278	2814999
5.	2000-01	131,850	0	131,850	3422899
6.	2001-02	172,833	0	172,833	3522861
7.	2002-03	416,083	0	416,083	3582305
8.	2003-04	1,490,893	34,076	1,524,969	3434058

9.	2004-05	2,492,084	266,503	2,758,587	3289323
10.	2005-06	3,420,021	445,310	3,865,331	3937777
11.	2006-07	4,295,077	477,928	4,773,005	5085367
12.	2007-08	7,528,763	226,441	7,755,204	..

10. It was further urged that the appellant has obtained registration of its trademark with a disclaimer of the word 'Choice' and hence could not appropriate the said word to the exclusion of the others. Learned Senior Counsel urged that in an action for passing off, in relation to a trade-mark which consists of one or more than one words, normally the predominant focus is on the prefix and not the suffix. With reference to the label and the general get up of the bottles, it was urged that in the past the appellant was using labels with a completely different design and as time passed by and the respondent grew in the market, the appellant started trailing the labels of the respondent. Sh.Arun Jaitely learned Senior Counsel referred to the literature relied upon by the appellant which showed that due to some internal management problem, the sale of the product of the appellant virtually stagnated and that of the respondent grew by leaps and bounds. Sh.Arun Jaitely pointed out that originally the appellant was selling its product in a cylindrical bottle and the label had a distinct band in black colour at the edges of the label. Right from the inception, the

respondent was selling its product in flat bottles and the label was always having a golden colour band along the edges of the label. Whereas the appellant was originally not having the acronym 'OC' on their product, the respondent had the said letters as an acronym on its label and that the same was written in an artistic form, more as a graphic representation of a symbol and less as an acronym, evidenced by the fact that the letter 'C' was encapsuled in the letter 'O'. It was as if 'O' was carrying in its womb 'C'.

11. It would be relevant to note that till an interim arrangement was worked out on 17.9.2007, the appellant did not have any injunction against the respondent with the result the respondent was selling its product in different States. It appears that as the respondent was intending to penetrate the market in North India an interim arrangement was worked out and disposal of the suit was expedited. Parties have recorded their evidence, by and large, but because of the two suits getting stayed the parties were compelled to argue on the issue of an interim injunction as the foundation of the interim arrangement i.e. the early disposal of the suits got shaken due to the suits being stayed.

12. A word on the exercise of power in appeal against interim orders passed by learned Single Judges on the original

side of the High Courts. Unless the mass of *prima facie* evidence and the law compels the appellate Court to interfere with an interlocutory order passed by the learned Single Judge exercising discretionary jurisdiction, the appellate Court must respect the view taken by the learned Single Judge. As long as the discretion has been exercised reasonably, fairly, objectively and keeping in view the principles of exercise of discretion, the appellate Court is not required to reconsider the material which was considered by the learned Trial Judge to find out whether an alternative view was possible or whether the alternative view was a better view.

13. The grievance of the appellant was to the observations of the learned Single Judge in para 18 of the impugned order wherein the learned Single Judge has observed as under:-

“Without commenting on the question as to whether the mark ‘ORIGINAL CHOICE’ is deceptively similar to the mark ‘OFFICER’S CHOICE’, as that is a question which will be gone into by the Court after the IPAB decision, a look at the label and bottle of the plaintiff on the one hand and the defendants on the other, does not give the impression that the defendants’ bottle and label could be passed off as the plaintiff’s bottle and label. It is not the minute details which have to be seen but the overall impression that is gained by looking at the two products. Taking a *prima facie* view in the matter, it does not appear to me as if the defendants’ label and bottle could be passed off as that of the plaintiff’s. Consequently, the very

first element of misrepresentation, which is essential for an action of passing off, is, *prima facie*, missing.”

14. Sh.Sudhir Chandra, learned Senior Counsel for the appellant urged that on the one hand the learned Single Judge has unequivocally expressed that he was not commenting on the question whether the mark ‘ORIGINAL CHOICE’ was deceptively similar to the mark ‘OFFICERS CHOICE’ but in the next breath has gone into the issue of deceptive similarity in a very cryptic manner and has returned a finding against the appellant.

15. A re-reading of what has been expressed by the learned Single Judge reveals that the learned Single Judge has eschewed a discussion whether the mark ‘ORIGINAL CHOICE’ was deceptively similar to the mark ‘OFFICERS CHOICE’ in the context, presumably, of phonetic and/or structural similarity in the two marks. But has *prima facie* evaluated the trade dress i.e. the bottles and the labels in which the whisky is marketed by the appellant and the respondents to decide whether *prima facie*, deception, which is an essential ingredient in an action for passing off, existed or not. Thus, we find no contradiction.

16. *Prima facie* views have to be expressed with care and without a deep analysis of the rival claims on merits for said adjudication has to await the final trial. Final views have not to be expressed at the interim stage lest parties are prejudiced at

the trial. The learned Single Judge has taken care to speak the minimum because the appeal filed by the appellant before the Intellectual Property Appellate Tribunal challenging the registration of the trade-mark 'ORIGINAL CHOICE' in favour of the respondent is pending and the said tribunal could be prejudiced if conclusive views were expressed by the learned Trial Judge. No doubt, as observed by the Hon'ble Supreme Court in the decision reported as 1969 (2) SCC 727 Ruston & Hornsby Ltd. Vs. The Zamindara Engineering Co. different questions arise for consideration in an action for infringement of a trademark and an action for passing off but the test as to likelihood of confusion or deception arising from similarity of marks is the same both in infringement and passing off actions. In para 7 of the report it was observed that in an action for infringement where the defendant's trademark is identical with the plaintiff's mark, the Court will not inquire whether the infringement is such as is likely to deceive or cause confusion. But where the alleged infringement consists of using not the exact mark on the register, but something similar to it, the test of infringement is the same as in an action for passing off. Thus, since the learned Single Judge was considering the plea at the interim stage relatable to an action for passing off, the learned Single Judge had to deal with the question of deception.

17. Even otherwise, a plea of acquiescence or delay in bringing the action, set up as a defence, requires it to be considered whether the interest of the public would be adversely affected if the plaintiff is not granted an interim injunction on account of acquiescence or inordinate delay in bringing an action. It was so held by this Court in the decision reported as 2007 (35) PTC 59 (DEL) Pfizer Products Inc. Vs. Rajesh Chopra & Ors.

18. We need not note the plethora of authorities on the issue whether acquiescence or an inordinate delay in bringing an action for injunction can non-suit the plaintiff. We note the latest the pronouncement on the issue by the Hon'ble Supreme Court being the decision reported as 2008 AIR SCW 4560 Khoday India Ltd. Vs. Scotch Whisky Asson. & Ors. It has been categorically held that where acquiescence is established or there is an inordinate delay in bringing an action for infringement of a trademark or passing off, the discretionary relief of injunction may be denied.

19. The sales figure of the product of the respondent shows the growth of the respondent in the market since 1996. That the appellant was aware that the respondent had entered the market in the year 1995 stands established from the opposition made by the appellant before the Excise

Commissioner Karnataka. Thus, the view taken by the learned Single Judge that there has been an inordinate delay in bringing the action and hence no interim injunction to be granted cannot be faulted with.

20. The prima facie evaluation of the label used by the appellant and the respondent is akin to the evaluation of a trade dress. After all, when a product is sold in a container, be it a pouch, a packet, a box or a bottle the issue of deceptive similarity has to be considered with reference to the overall get up of the container; of course the test of a reasonable or a prudent person with imperfect memory relying upon his memory to recollect the image of a product seen earlier and co-relating it to the product before him while buying the product has to be duly taken note of.

21. For the purposes of an interim relief we find considerable merit in the plea of the respondent that the appellant has trailed the respondent qua the get up of the label and the shape of the bottle used by the respondent since inception. We find that the appellant has been changing the shape of the bottle and the get up of its label.

22. Law does not require to list out the similarities and the dis-similarities by making a check list because the consumer

is not expected to do so while buying a product. The test is to have a glance at the two competing labels and as a reasonable and a prudent person forming an opinion whether there is a chance of deception and/or confusion. Inherent in this test is the cognitive faculties of a Judge impromptu telling the judicial mind whether the imprints in the brain have resulted in a confusion.

23. Thus, we do not intend to go into the nitty gritty of the two competing labels and hence we do not discuss in detail the arguments advanced by Sh. Arun Jaitely learned senior counsel for the respondent who took pains to bring out the distinctive features in the two labels, as our cognitive faculties did not leave us confused persons, rendering us vulnerable to be deceived as claimed by the appellant.

24. Before concluding we may note that since the question of deception has to be approached from the point of view of a consumer of average intelligence and imperfect recollection i.e. an ordinary person, common sense which is nothing but a cluster of life's experiences comes into play.

25. For the reason a Judge may not have experienced the purchase of "Officers Choice" or "Official Choice" or the purchase of a peg of "OC", we recite the usual mantra. Nothing stated by us would be construed as an expression on the merits

of the controversy. The learned Single Judge who would ultimately decide the suit would obviously be guided by the evidence of those who go to the market or sit in a bar to enjoy a peg or two in the evening.

26. We find no infirmity in the view taken by the learned Single Judge.

27. The appeals are dismissed with costs.

PRADEEP NANDRAJOG, J.

SUNIL GAUR, J.

SEPTEMBER 29, 2008
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