

* IN THE HIGH COURT OF DELHI AT NEW DELHI

+ FAO(OS) No.484/2008 & CM Nos.17352/08, 3429/09

RHIZOME DISTILLERIES P. LTD
& ORS.

....Appellant through
Mr. Rajiv Nayyar, Sr. Adv.
with Ms. Tusha Malhotra,
Adv.

versus

PERNOD RICARD S.A. FRANCE
& ORS.

...Respondent through
Mr. Sudhir Chandra, Sr. Adv.
with Mr. Hemant Singh,
Ms. Mamta R. Jha &
Mr. Manish K. Mishra, Adv.

A N D

+FAO(OS) 497/2008 & CM 17697/2009

DURGA LIQUORS INDIA(P) LTD

....Appellant through
Mrs Srikala G.Kumar, Adv.

versus

PERNOD RICARD S.A.FRANCE
AND OTHERS

....Respondent through
Mr. Sudhir Chandra, Sr. Adv.
with Mr Hemant Singh and
Ms Mamta R. Jha Adv.

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Date of Hearing : October 14, 2009

Date of Decision : October 23, 2009

CORAM:

* HON'BLE MR. JUSTICE VIKRAMAJIT SEN
HON'BLE MR. JUSTICE V.K. JAIN

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| 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 the Judgment should be reported in the Digest? | Yes |

VIKRAMAJIT SEN, J.

1. On October 14, 2009, Learned Counsel for the Appellant in FAO(OS) 497/2008 had concluded arguments by making a statement to the effect that she has instructions to adopt the arguments addressed by Mr Rajiv Nayyar, Learned Senior Counsel appearing for the Appellant in FAO(OS) 484/2008. This Appeal has been filed by the Defendants who the learned Single Judge had restrained from manufacturing, selling, offering for sale, advertising, directly or indirectly dealing in whisky or any other alcoholic beverages under the trademark Imperial Gold or the impugned label/trade dress pertaining thereto or any other trademark/label/trade dress as may be deceptively similar to the trademark of the Plaintiff/Respondent viz. IMPERIAL BLUE, IMPERIAL RED or ROYAL STAG.
2. The competing or offending products are whiskies belonging to the rival parties, which are bottled in the following styles, first front and second back:-



3. The Plaintiff describes the action as a suit for permanent injunction restraining infringement of registered trademark, copyright, passing off, dilution, unfair competition, rendition of accounts of profits , deliver-up etc. The Plaintiffs are indeed a part of an international group selling sundry alcoholic beverages across the Globe. Some of their brands are not only well-known but are leaders in the market, such as ROYAL SALUTE, CHIVAS REGAL, BEEFEATER, BALLANTINES, KALHUA, BLENDERS PRIDE etc. It is averred that one of the most popular whiskies sold by the Plaintiffs in India since 1997 is IMPERIAL BLUE which is a registered trademark and has “come to be associated with, and become a quintessential part of the plaintiff no.1 successful and firmly established business of manufacture and sale of whisky.” IMPERIAL BLUE appears to have been accorded registration in the Benelux and Nepal. So far as India is concerned, the following chart is fully informative:-

REGISTRATION IN INDIA

Trade Mark	Regn. No.	Date	Class	Goods
IMPERIAL BLUE	751781	12/02/1997	33	Spirits and liquers
IMPERIAL BLUE	1318300	01/11/2004	32	Drinking water included in class 32
IMPERIAL BLUE	1282836	07/05/2004	9	Compact discs, audio and video cassettes,

				photograph records etc.
IMPERIAL RED	1377908	17/08/2005	32	Beers, minerals and aerated waters and other non alcoholic drinks, fruit drinks and fruit juices, syrups and other preparations for making beverages included in class 32

4. The Complaint further sets out the turnover of IMPERIAL BLUE for the period 1998 to 2007 which increased manifold from Rupees 12.80 crores to Rupees 317.88 crores. As is to be expected, promotional and marketing expenses incurred by the Plaintiffs also run into several crores of Rupees. The Complaint then unfolds that “international whisky manufactured and marketed by the plaintiff is under the trademark ROYAL STAG which is very popular in the lower price segment and best known for smooth taste..... the trademark ROYAL STAG is coined mark having no significance or meaning in common parlance and no correlation to the character or quality of whisky marketed thereunder”. The Plaintiffs have obtained registration for the trademark ROYAL STAG internationally as well as in India. In this regard, it is pleaded in the Complaint that ROYAL STAG label constitutes an original artistic work within the meaning of

Section 2(c) of the Copyright Act, 1957. Since the Plaintiffs have an extensive trade use since 1995 ROYAL STAG has become distinctive of the whisky marketed by and originating from the Plaintiffs and is also available in the United Arab Emirates, Benelux, Bulgaria, Romania, Oman, Hong Kong, Vietnam etc. In paragraph 23 of the Complaint, it has been asserted that it had “come to the knowledge of the plaintiffs in 2nd week of September, 2008 that the Defendants are manufacturing, bottling and/or selling whisky bearing the trademark Imperial Gold which is an imitation of the trademark IMPERIAL BLUE and IMPERIAL RED and using trade dress which is an imitation of ROYAL STAG trade dress in respect of colour combination, get up, shape and design of bottle and ROYAL STAG label”. It is this activity of the Defendants that the Plaintiffs are aggrieved with.

5. It is next disclosed in the Complaint that the Defendants Imperial Gold is an imitation of and is structurally, as well as phonetically, deceptively similar to the Plaintiffs reputed trademark IMPERIAL BLUE and the registered trademark IMPERIAL RED. Secondly, the Defendants have imitated the ROYAL STAG whisky label, both so far as front and the rear panels are concerned.

6. The contention of the Defendants/Appellants is that there has been a deliberate suppression and concealment of facts in the Plaint, especially in the context of the contents of paragraph 31 thereof. Therein it has been pleaded that the cause of action for institution of the present suit arose in the 2nd week of September 2008 when the plaintiffs' field force discovered sale of Imperial Gold whisky in Hyderabad and Delhi markets. Emphasis has been laid on the admission in that paragraph that the plaintiffs had come across the trademark registration applications when they were advertised in the Trademark Journal by the Registrar. Although no date is given in this paragraph, a perusal of paragraph 30 makes it evident that that incident pertains to February, 2008. It is pleaded that at that time no goods of the Defendants were found in the market.

7. Mr. Rajiv Nayyar, learned Senior Counsel for the Appellant/Defendant has contended that the Defendant had applied under Class-32 in October, 2003 and in class-33 in January, 2006 and registration was received in April, 2005 and April, 2006 respectively. An application for Rectification came to be filed by the Plaintiff as late as in 2008 and the suit was filed on 3.11.2008. Our attention has also been drawn to the display of a Notice dated 28.10.2006 by the Excise Department pertaining to the Defendant's Imperial Gold. Letter dated

7.3.2006 had been addressed to the Commissioner of Prohibition & Excise, Hyderabad, by Liquors India Limited which appears to be the bottlers of the Plaintiff since 2001. The letter, *inter alia*, states that it had been noticed “that M/s. Durga Liquors India (Private) Limited, with Rhizome Distillery tie up is coming up with a similar label Imperial Gold whisky. If the label is approved we will be in trouble for our brand in the market which is similar to our label. In view of the above we earnestly request you to not to approve the label Imperial Gold Whisky of M/s. Durga Liquors India (Private) Limited, with Rhizome Distillery tie up which is imitating our label and oblige”. The letter dated 14.3.2006 of Liquors India Limited addressed to Commissioner of Prohibition & Excise, Hyderabad is indeed telling so far as the Plaintiffs are concerned since it states as follows:-

Sir,

Sub : Withdrawal of objection filed for Label
Registration - Regarding

With reference to the above we have filed an objection letter for the approval of the Label submitted by the M/s.Durga Liquors India(P) Ltd., (i.e.) Imperial Gold Whisky.

We submit that they have submitted us the papers in which they have obtained the registration Trade Mark much earlier than us and other relevant papers in which we have convinced.

In this regard we submit that we withdraw the objection filed and oblige.

It was predicated on these communications that learned Senior Counsel for the Appellants has imputed full knowledge to the Respondents of the Appellants' brand, ROYAL Imperial Gold as early as May, 2006. Mr. Sudhir Chandra, learned Senior Counsel for the Respondents/Plaintiffs, has sought to explain away these communications on the ground that Liquors India Ltd. is only their bottler in that region and nothing else. Even if that is so, it is difficult to believe that Liquors India Ltd. would not have informed the Respondents of the subject matter of their Communications since the agency was directly related to the liquor business. Significantly, a credible response to the factum of the grant of registration to the Appellant to the trademark in Class-32 in April, 2005 relating back to October, 2003 is conspicuous by its absence.

8. The second plank of challenge to the case presented by the Plaintiffs is that they were fully aware of the Defendants' action towards any registration of their trademark. In paragraph 31 of the Plaint, it has been averred that the Plaintiffs came across the trademark registration application filed by Defendant No.1 for registration of trademarks RHIZOME IMPERIAL WHITE, RHIZOME IMPERIAL RED and RHIZOME IMPERIAL

GREEN towards end of October, 2007 consequent upon their publication by the Registrar of Trademarks. The Plaintiffs accordingly opposed all three applications and the outcome of their opposition is awaited. It is next pleaded that on 16.2.2008 the Plaintiffs came across the application for registration of RHIZOME Imperial Gold on their publication in the Trademark Journal. As in the case of other brands, the Plaintiffs' case is that they made enquiries as to whether whisky under the said trademark RHIZOME Imperial Gold was being sold, as a consequence of which they gained knowledge of sales in Delhi and in Hyderabad. It is argued that the Plaintiffs have deliberately suppressed the Appellants' substantial sales of liquor since 2006. The withdrawal of objections by Liquors India Limited on 14.3.2006 has been emphasised in this regard. The contention is that since the Plaintiffs had allowed the Appellants to build a reputation and substantial sales for its brand, an injunction ought not to have been granted. Our attention has been drawn to the grant of a registration from the Registrar of Trademarks for ROYAL Imperial Gold on 27.4.2005 in Class-33 with effect from 26.12.2002. It also appears that the Deputy Registrar of Copyright had certified the Appellants' label for RHIZOME Imperial Gold.

9. The third ground of attack is that no exclusivity can be claimed for the use of the word IMPERIAL which is not just to be found in common parlance, but is also an obvious choice for whisky etc. because of the laudatory effect it has on the product.

10. Learned counsel for the Appellants has also contended that the impugned Order tramples upon the statutory power of the Intellectual Property Appellate Board (IPAB), to which an Appeal against a registration under the Trade Marks Act, 1999 ('TM Act' for short) has been provided for in Section 124. Section 124 of the TM Act has also been relied upon to canvass that decision viz.-a-viz. objections pertaining to the invalidity of such a registration is the preserve of the IPAB. The first subsection of Section 124 directs that where there is a plea in a plaint for invalidating a trademark, in the event that rectification proceedings are pending, the suit would be stayed and if no such proceedings are pending and the Court is satisfied that the plea regarding the invalidity of the registration of the subject trademark is *prima facie* tenable, the Court would raise an issue regarding the same and thereupon adjourn the case for a period of three months from the framing of the issue in order to enable the concerned party to apply to the IPAB for rectification of the registration. The Appellants have buttressed arguments by referring to Section 28 of the TM Act, the first

sub-section of which reposes the right to obtain relief in respect of infringement of a registered trademark to the person in whose favour the registration has been granted. Where both parties have received registration of their respective trademarks, the third sub-section ordains that neither of them would be able to setup a case against the other based only on the registration. It seems to us that it was for these reasons that the Plaintiffs had given up its challenge predicated on infringement, and had rested its case for the grant of an injunction on the common-law relief of passing off. This is evident from paragraph 12 of the impugned Judgment where it has been mentioned that though the suit is for infringement of trademark as well as for passing off, for the purpose of the interlocutory application, the plaintiffs are pressing for injunction on account of passing off alone and the relief of injunction may be granted in favour of the plaintiffs and against the defendants on account of passing off. It is, therefore, not permissible to permit Mr. Sudhir Chandra, learned Senior Counsel for the Respondents, to press the argument that the use of the word IMPERIAL by the Appellants amounts to infringement as well as passing off. In these circumstances, it is significant that the legal opinion, as it presently stands, is that while the use of IMPERIAL may not be important when

considering the relief of infringement, since both adversaries have received registration for this word, it assumes grave proportions for the purposes of the relief of passing off.

10. The learned Single Judge has passed a detailed Judgment after perusing a plethora of precedents cited at the Bar, returning a finding that the Defendants are clearly guilty of passing off. The conclusion is based on several considerations, including that “it is undisputed that the plaintiffs adopted the trademark IMPERIAL BLUE in the year 1997 and since then the said trademark has become distinctive of the plaintiffs’ product; the plaintiffs have a huge turnover in the sum of Rupees 317 crores in the year 2007; the plaintiffs have registered trademark for IMPERIAL BLUE and IMPERIAL RED; that the defendants have either used discarded bottles of the plaintiffs with Seagram embossed on the bottom of the bottle or have wilfully, fraudulently and dishonestly manufactured the same”. It has been noted that, on the contrary, the Defendants have emerged in the market in April, 2006, that is, a decade after the launch of the Plaintiffs’ product. As both the parties are manufacturing and selling whisky in the same area and targeting the same section of consumers, the learned Single Judge was not impressed with the aspect of delay and laches for the reason that the market research disclosed that the Defendants’ product

was not available even in the year 2000 and that it was only in September, 2008 that the Plaintiffs have come across the Defendants' trademark Imperial Gold. The learned Single Judge has commented that there is not an iota of evidence on record to *prima facie* indicate the launch of the Defendants' product in the year 2006. Reliance has been derived from *Midas Hygiene Industries(P) Ltd.-vs- Sudhir Bhatia*, (2004) 3 SCC 90, wherein it has been opined that "in cases of infringement either of trademark or of copyright, normally an injunction must follow. Mere delay in bringing action is not sufficient to defeat grant of injunction in such cases. The grant of injunction also becomes necessary if it *prima facie* appears that the adoption of the mark was itself dishonest". Most significantly, the learned Single Judge has held that the argument on behalf of the Defendants/Appellants is untenable that the word "IMPERIAL" is a generic term and hence *publici juris*. In its opinion, the word IMPERIAL would be "generic only if it is used by a member of the royal family, but certainly it will be arbitrary when applied to a whisky and that too, a whisky other than scotch, and furthermore a whisky in the lower price segment". The learned Single Judge has found the employment of the prefix RHIZOME irrelevant, keeping in view the overall trade dress of the rival bottles. The learned Single Judge has also

rejected the argument that Section 124(5) precludes the Court from granting an injunction, but in view of the specific noting that the claim for infringement had been given up, this debate, in our opinion, has become superfluous. The learned Single Judge voiced the opinion that sub-standard whisky may prove to be more injurious than a sub-standard medicinal or pharmaceutical product, and may lead to lethal consequences, even a wholesale disastrous one. With respect to the learned Single Judge, this is not the case presented by the Plaintiffs and may not be factually correct since neither product is injurious to health due to their respective quality, without prejudice to the general debate relating to the pernicious nature of alcohol in general. These observations are indeed a window to the reasons which pervaded the mind of the learned Single Judge to grant the injunction.

11. We will first deal with the contentions centring upon the trade dress of the Plaintiffs ROYAL STAG and the Defendants' RHIZOME IMPERIAL BLUE. It seems to us that the similarities of both labels are such that a customer of modicum memory and mental capacity would become confused in distinguishing between them. Learned counsel for the Appellants had immediately conceded the point, and had offered to change the label as well as the shape of the bottle. Bottles can be of myriad

configuration; they can be round, square, rectangular, flat or cylindrical bodied, or slim or tall. Bottles can have a long neck or otherwise, and can be of clear glass or burgundy or green or any other colour. Learned counsel for the Appellants has stated that the Appellants are willing to colour their bottles amber and make them in a short neck shape. Indeed, photographs of the bottles in which the Appellants are presently marketing its whisky, have been placed on record and it appears that one of them is amber with a red cap. So far as the label is concerned, learned Senior Counsel has filed a variety of samples, one of which is in gold and amber with RHIZOME Imperial Gold written in the same font and size on a Shield in contradistinction to the impugned label in which RHIZOME was in a different colour and smaller size than Imperial Gold which was also written in a swirl or ribbon style which was conceivably confusing with the ROYAL STAG label. Since there is now no similarity between the ROYAL STAG and RHIZOME Imperial Gold labelling, we are satisfied that the Defendants can no longer be accused of passing off so far as these two marks/labels are concerned.

12. The question still remains whether passing off is possible predicated on the Plaintiffs' other product, viz. IMPERIAL BLUE, and the fact that the Appellants/Defendants product is

RHIZOME Imperial Gold. Although it has not been argued by Mr. Sudhir Chandra, it is worthy to note that the registration accorded to the Appellants is Rhizome Imperial Gold (not in block letters), whereas the Plaintiffs mark is in block letters IMPERIAL BLUE. We should not be understood to hold that such a difference would be sufficient to distinguish one product from another, but when several such features exist, even a consumer of average intellect may be able to make segregation. In this light, the Appellants are directed to adhere to the start case style in contradistinction to block/all uppercase/all capital style.

13. We are reminded of the decision of the Court of Appeal in *McCain International Limited -vs- Country Fair Foods Limited*, 1982 PTC 156. The learned Single Judge had granted interlocutory relief in a passing off action. The Plaintiff avowedly was the first to launch 'chipped potatoes' in the market which rather than being fried could be baked in the oven or cooked in a grill. The competing brands were 'McCain Oven Chips' and 'Country Fair Oven Chips'. The Court of Appeal was of the opinion that the case was similar to the term 'Flaked Oatmeal' in *Parsons -vs- Gillespie*, 1898 AC 239 which was seen as descriptive. Reference was also made to the use of the word "slip-on" which was also found to be descriptive; or Hedley's

Malted Milk as against Horlicks Malted Milk. We think it noteworthy that it was reiterated that it was essential for a trader to add a prefix or suffix, preferably showing origins in order to get any protection in respect of a word which is descriptive. Reference was also made to *Office Cleaning Service Ltd. -vs- Westminster Window and General Cleaners Ltd.*, (1946) 63 RPC 39 where the rivals were using “Office Cleaning Services” and “Office Cleaning Association”. The opinion was that where a fancy word has been chosen as a part of the name and if another trader adopts that fancy name that may be seen as inviting confusion. Keeping all these precedents in view, the Court of Appeal concluded that the use of the word ‘Oven Chips’ was descriptive and the prefix of ‘McCain’, ‘Country Fair’ or ‘Birds Eye’ were sufficient to distinguish the products. We are not faced with the employment of descriptive words but the underlying rationale is apposite, namely, that if words of common parlance are used, exclusivity cannot be claimed and secondly the use of a prefix would invariably result in distinguishing the rival products.

14. ***S.M. Dychem Ltd. -vs- Cadbury (India) Ltd.***, (2000) 5 SCC 573 is pressed into support by learned counsel for the Defendants. In that case the Plaintiffs used the word ‘Piknik’ for some time and when it discovered that the Defendants was

marketing 'Cadbury Picnic', an injunction was prayed for and granted. The Division Bench, however, reversed the Order and this has received the *imprimatur* of the Supreme Court by a detailed judgment. The presence of 'Cadbury' was, in their Lordships' opinion, sufficient reason to decline injunction. The learned Single Judge has reproduced 54th paragraph of ***S.M. Dychem Ltd.***, but with due respect, had not applied the Judgment to the extent that it compelled. The said paragraph reads as follows and is extracted for obvious reasons:-

54. As to scope of a buyer being deceived, in a passing off action, the following principles have to be borne in mind. Lord Romer, LJ has said in *Payton & Co. v. Snelling Lampard & Co.* (1900) 17 RPC 48 that it is a misconception to refer to the confusion that can be created upon an ignorant customer. The kind of customer that the Courts ought to think of in these cases is the customer who knows the distinguishing characteristics of the plaintiff's goods, those characteristics which distinguish his goods from other goods in the market so far as relates to general characteristics. If he does not know that, he is not a customer whose views can properly be regarded by the Court. [See the cases quoted in *N.S. Thread & Co. v. Chadwick & Bros.* AIR 1948 Mad. 481, which was a passing off action]. In *Schweppes'* case, Lord Halsbury said, if a person is so careless that he does not look and does not treat the label fairly but takes the bottle without sufficient consideration and without reading

what is written very plainly indeed up the face of the label, you cannot say he is deceived.

15. Very recently, the Division Bench of this Court in *Cadila HealthCare Ltd. -vs- Gujarat Co-operative Milk Marketing Federation Ltd.*, MANU/DE/2282/2009 upheld the decision of a Single Judge of this Court refusing an injunction against the use of the word 'Sugar Free'. The Plaintiff is the manufacturer of the artificial sweetener sugar free, where as the Defendant had stated that its ice creams were sugar free or free of sugar. It was held that exclusivity could not be claimed in respect of ordinary words (or if we may say descriptive words) which are *publici juris*. The Division Bench also quoted with the approval the decision of the High Court of Bombay in *Asian Paints Limited -vs- Home Solutions Retail (India) Ltd.*, 2007 (35) PTC 697, wherein the learned Single Judge had declined an injunction holding that the words 'Home Solutions' are to be commonly found. Jural opinion, therefore, is an averse to granting exclusivity to ordinary words. Our esteemed and learned Brother, Mukul Mudgal, J., had noted that 'Sugar Free' is neither a coined word nor an unusual juxtaposition of two English words especially when such expressions are commonly used. Although the Bench expressed their reservations for the decision of the European Court of Justice in *Proctor & Gamble -*

vs- Office of Harmonisation in the International Market (OHIM), (2002) RPC 17 (famously known as “**Baby Dry** Case”), it was noted that the proprietary character could be accorded to expressions which are syntactically unusual. In other words, there must be something unique to the choice of the word; it should neither be descriptive nor laudatory since everyone would be entitled to use such word(s). It would be wise, therefore, for any trader or manufacturer to use a coined or unique word if he expects proprietary right over and a consequent injunction to issue in respect of the user of such trademarks by rivals. If a new venture dealing in computers adopts the name ‘Apple’, we would expect Courts not to hesitate to grant an injunction against its user by third parties since the choice of the word ‘Apple’ has no connection whatsoever with computers. Obviously, if a party adopts the mark ‘Imperial Apples’ in connection with the apple trade, Courts would be loathe to grant an injunction for either word.

16. It seems to us that the regime which applies to descriptive words would apply equally to laudatory words. No one can claim exclusive or proprietary rights over such words. However, this would not inexorably lead to the consequence of the relief of passing off not being available. That relief would invariably depend and be determined by the manner in which both

products are being marketed. Learned counsel for the Appellants has reason to rely on *Hiram Walker Inc. -vs- Penn-Maryland Corporation*. Coincidentally, in that case also the word 'Imperial' was being used as a trademark for whisky. It was held that it would be improvident to grant an injunction because the trademark IMPERIAL could not be registered and secondly because a secondary meaning had not been established. Very recently, in *Khoday India Ltd. -vs- Scotch Whisky*, AIR 2008 SC 2737 their Lordships took note of the difference in the pricing of the Indian made foreign liquor PETER SCOT and other Scotch whiskies introduced in the market by the Defendant. This was one of the grounds on which grant of an injunction was found to be inappropriate. So far as the case in hand is concerned, in the Hyderabad region it is the undisputed case that IMPERIAL BLUE is much higher priced than Imperial Gold.

17. In *Madhuban Holiday Inn -vs- Holiday Inn Inc.*, 100(2002) DLT 306 the Division Bench, (of which one of us Sen, J. was a member), had upheld the Order of the learned Single Judge interdicting the use of the name Madhuban Holiday Inn. Dalveer Bhandari, J., as his Lordship then was, had opined that the adoption of the word HOLIDAY INN was *ex facie* fraudulent and *mala fide*; the intention was to "ride on the reputation of the respondent and derive pecuniary benefit from it". The Bench

had been impressed by the fact that HOLIDAY INN had become a worldwide leader and a household name in the hotel industry. Drawing on the reasoning in ***Baby Dry*** we would venture to say that HOLIDAY INN is syntactically unusual since the choice could have also been HOLIDAY HOME, HOLIDAY HOTEL, etc. In *Rich Products Corporation –vs- Indo Nippon Foods Limited*, 2007(35) PTC 15, our learned Brother, Badar Durrez Ahmed, J. declined an injunction in respect of WHIP TOPPING, holding it to be generic term. The use of the words RICH’S and BELLS preceding Whip Topping in his opinion removed any possibility of similarity or confusion. In *Bharat Hotels –vs- Unison Hotels Ltd.*, 2004 (28) PTC 404 a learned Single Judge of this Court had rightly declined to grant an injunction for the use of the word GRAND, which had been adopted by both the parties for their hotel business. In similar manner, the learned Single Judge had held that the prefix PUNJ brought about sufficient dissimilarity between the two groups and held that no fraud or *prima facie* case had been made out in *Lloyd Insulations (India) Ltd. –vs- Punj Lloyd Insulations Pvt. Ltd.*, 79(1999) DLT 617. We have already cited the example of APPLE which has become famous worldwide for computers and to that we may add CATERPILLAR as has been found in *Caterpillar Inc. –vs- Mehtab Ahmed*,

99(2002) DLT 678 since the product in question is heavy machinery.

18. Mr. Sudhir Chandra has relied very heavily on *Amritdhara Pharmacy -vs- Satya Deo Gupta*, AIR 1963 SC 449 where the *lis* pertained to LAXMANDHARA and AMRITDHARA. Their Lordships observed that LAXMANDHARA was likely to deceive and confuse persons of the class who generally purchased such preparations. We have already noted the significant variance in the price of the two brands – IMPERIAL BLUE and Imperial Gold, leading to the inference that there is a difference in the class of customers. This very Judgment, however, is important for the observations made by their Lordships with regard to acquiescence. It was held that the proprietors of AMRITDHARA had stood by and allowed LAXMANDHARA to grow in business, thereby attracting “special circumstances” contained in Section 10(2) of the TM Act, 1940 which corresponds to Section 12 of the TM Act, 1999. In *Durga Dutt Sharma -vs- Navaratna Pharmaceutical Laboratories*, AIR 1965 SC 980 the dispute revolved around the words Navaratna Pharmacy and Navaratna Pharmaceutical Laboratories and reliance has been placed by Mr. Sudhir Chandra on the following passage:-

28. In an action for infringement, the plaintiff must, no doubt, make out that the use of the defendant's mark is likely to deceive, but where the similarity

between the plaintiff's and the defendant's mark is so close either visually, phonetically or otherwise and the court reaches the conclusion that there is an imitation, no further evidence is required to establish that the plaintiff's rights are violated. Expressed in another way, if the essential features of the trade mark of the plaintiff have been adopted by the defendants, the fact that the get-up, packing and other writing or marks on the goods or on the packets in which he offers his goods for sale show marked differences, or indicate clearly a trade origin different from that of the registered proprietor of the mark would be immaterial; whereas in the case of passing off, the defendant may escape liability if he can show that the added matter is sufficient to distinguish his goods from those of the plaintiff".

We are of the view that this precedent does not advance the case of the Plaintiffs for the reason that Navaratna is not inherently and essentially connected with pharmaceutical preparations and is not a common laudatory word.

19. We are also unable to agree with Mr. Sudhir Chandra that the Appeal before us must be dismissed on the ratio in *Heintz Italia -vs- Dabur India Ltd.*, (2007) 6 SCC 1 since that case did not deal with laudatory words, which we firmly believe ought not to receive proprietary rights. It is worth highlighting that their Lordships were at pains to observe that both GLUCON-D and GLUCOSE-D are items containing glucose and are,

therefore, generic. Owing to this factor, the packaging had assumed importance and since it was found to be confusingly similar, an injunction was granted. The principal argument raised in the Supreme Court was that the product GLUCON-D was in the market since 1940, that is, decades before the Defendant had commenced marketing a similar product. Their Lordships had referred to *Corn Products Refining Co. -vs- Shangrila Food Products Ltd.*, AIR 1960 SC 142 where the rival trademarks were GLUVITA with reference to biscuits and GLUCOVITA with reference to glucose and it was held that there was likelihood to cause deception and confusion. *Godfrey Philips India Ltd. -vs- Girnar Food & Beverages (P) Ltd.*, 2005(30) PTC 1 dealt with trademarks SUPER CUP and SUPER TEA. Our learned Brother, Mukul Mudgal, J., speaking for the Division Bench, came to the conclusion that 'Super' referred to the quality of the goods and was, therefore, merely laudatory; and 'Cup' alluded to a cup of tea and was, therefore, descriptive; and accordingly the decision of the learned Single Judge declining an injunction was upheld. A perusal of the Order of the Supreme Court makes it clear that the perspicuous Judgment was set aside on the concession of learned counsel for both the parties. The Court observed that a descriptive trademark may be entitled to protection if it has assumed a

secondary meaning which identifies it with the particular product or as being from a particular source. The Remand was on this question alone. The decision is of no assistance whatsoever to the Respondents. As has been held in *Municipal Corp. Of Delhi –vs- Gurnam Kaur*, AIR 1989 SC 38: (1991) 1 SCC 19, “It is axiomatic that when a direction or order is made by consent of the parties, the Court does not adjudicate upon the rights of the parties nor lay any principle.”

20. Mr. Sudhir Chandra next contends that Section 28(3) of the TM Act does not apply to the present dispute and the Civil Court is competent to grant an injunction by virtue of Section 124(5) of the TM Act. Where the trademark is defective under Section 11(1)(a), a Civil Court need not await rectification proceedings since it retains the power to grant an injunction. Our attention has also been drawn to the presence of the words ‘if valid’ in Section 28 of the TM Act which, according to learned Senior Counsel, is indicative of the fact that where a *prima face* case has been shown to a Civil Court, an injunction can follow. As we see it, Section 11(a) adumbrates the grounds for refusal of registration. The proviso to Section 9(1) of the TM Act carves out an important exception to the absolute ground for refusal of registration, viz., that a trademark 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 that it is a well-known trademark. Section 28(1) bestows the exclusive right to the use of a trademark to the party in whose favour the registration has been allowed and justifiably waters down finality and absoluteness or conclusiveness of this exclusivity by stating that the trademark must be valid. We have already seen that sub-section(3) permits the use of a registered trademark accorded to two parties with the caveat that neither of them claims exclusivity against the other merely on the basis of registration. Chapter-V deals with the power to cancel or vary the registration or to rectify the registration, and reposes this power either on the IPAB or on the Registrar. By virtue of Section 28(3) of the TM Act a registered trademark is not infringed where there are other trademarks which are identical or nearly resemble the other but have received registration. In such an impasse the adversaries must be directed towards the IPAB for rectification of the registration; and the suit must be stayed.

21. Section 124(5) preserves the power of the Court to make any interlocutory order including (a) granting an injunction (b) directing account to be kept, (c) an order appointing a Receiver or (d) an order attaching any property. Plainly, the parenthesis in this sub-section is superfluous. The last nine words dispel any

doubt as to the power of the Court staying proceedings before it as it specifically contemplates that interlocutory orders could be made 'during the period of the stay of the suit'.

22. The legal nodus which still remains to be unravelled is whether the interlocutory orders postulated in Section 124(5) of the TM Act would include those flowing from the concept of infringement. It is our considered opinion that while staying proceedings in the suit, a Civil Court can pass such orders for a multitude of reasons. Firstly, it is trite that registration of a trademark is always susceptible to challenge on the ground of prior user as is evident from a reading of Section 11 of the TM Act and a volume of precedents which exists on this aspect of the law. In this regard, Section 34 would also be of advantage. Secondly, all other things being largely equal, the party with prior registration of a trademark would logically be entitled to claim exclusive use in the case of any litigation as is obvious from a perusal of Section 11(2)(a) of the TM Act. In saying so, we are not unmindful of Section 28(3) of the TM Act, which the Courts seized with the dispute would keep in mind in arriving at any decision. In other words, unless there are strong reasons in favour of the Plaintiff, the Court would decline injunctions predicated on the prayer of infringement. Section 91 of the TM Act provides for an Appeal to the IPAB to any person aggrieved

by an order or decision of the Registrar, which in the context of the present conflict, is the grant of registration of a trademark to more than one person. Section 93 of the TM Act contains a bar on jurisdiction of Courts on matters falling within the province of IPAB. The intervening Section 92(2) of the TM Act states that the IPAB shall have, for the purposes of discharging its functions under the Act, the same powers as are vested in a Civil Court under the Code of Civil Procedure, 1908 while trying a suit in respect of the following matters, namely, (a) receiving evidence, (b) issuing commissions for examination of witnesses, (c) requisitioning any public record and (d) any other matter which may be prescribed. The power to grant an injunction is conspicuous by its absence.

23. The similarities between the case before us and *Allied Blenders and Distillers P. Ltd. -vs- Paul P. John*, 2008(38) PTC 568(Del) are indeed remarkable. The dispute related to whisky marketed under the trademarks OFFICERS CHOICE and OFFICIAL CHOICE. The former was granted registration on 19.4.2007 under Class-33 *albeit* with a disclaimer for the word 'Choice'. We are not a little surprised that no disclaimer was recorded by the Registrar for IMPERIAL, which would have resulted in both parties adding something more to this word so as to create distinction. The Division Bench found delay and

acquiescence present since the Defendant therein had built up significant sales in six years previous to the filing of the suit. On the second ground of passing off, the Division Bench abjured delving deep since the IPAB was seized with rectification proceedings, but on a comparison of the labels found *prima facie* sufficient scope for confusion. In *Astrazeneca UK Limited -vs- Orchid Chemicals and Pharmaceuticals Ltd.*, 2007(34) PTC 469 another Division Bench was called upon to decide the dispute in the use of the trademarks MEROMER and MERONEM, in respect of which the learned Single Judge had vacated the ad interim injunction granted earlier. The Division Bench observed that MERO was generic in character and concluded that the suffix in both the rival trademarks were sufficient to draw a distinction between the two. The Bench drew support from the LIV-52 and LIV-T litigation to uphold the refusal of an interim injunction. We can do no better than reproduce a passage from *SBL Limited -vs- Himalaya Drug Company*, 1997 PTC(17) 540 in which Justice R.C. Lahoti, as his Lordship Chief Justice of India then was, spoke for the Bench in these words – “Nobody can claim exclusive right to use any generic word, abbreviation, or acronym which has become publici jurisdiction. In the trade of drugs it is common practice to name a drug by the name of the organ or ailment which it

treats or the main ingredient of the drug. Such an organ ailment or ingredient being public jurisdiction or generic cannot be owned by anyone for use as a trademark". The jural message, therefore, is clear and unequivocal. If a party chooses to use a generic, descriptive, laudatory or common word, it must realize that it will not be accorded exclusivity in the use of such words. At the most, it may bring a challenge in the nature of passing off and in such an event the Court would look at the rival labels/packagings/trade dresses in order to determine whether a customer possessing a modicum memory and ordinary intelligence may be so confused as to purchase one product believing it to be the other.

24. It is our analysis that no exclusive or proprietary rights can be claimed by either of the parties before us in respect of the word IMPERIAL which is not only in common parlance to be found in every dictionary, but also is laudatory in nature as it alludes to royalty or grandeur. With respect, we are not convinced that IMPERIAL refers only to royalty, empowering only such persons to take litigative umbrage. Illusions of royalty and grandeur are one of the sentiments resulting from imbibing spirits, and, therefore, IMPERIAL may justifiably be seen as descriptive.

25. We must also reflect on an extremely important facet of the present case which is that the Appellants were undisputedly using bottles on the bottom of which SEAGRAM was embossed. An attempt has been made to explain that bottles manufactured by the Plaintiffs had been reused by the Appellants. This clearly is moonshine, which is apposite to the alcohol trade. In the course of arguments the Appellants had made a firm commitment that no bottles containing the name SEAGRAM would be used; and the Plaintiffs have not complained of any further misuse. Normally, a dishonest or *mala fide* use of a trademark is sufficient reason to allow or decline an injunction. However, no useful purpose would be served in adopting this approach, as in the present case a fresh action or motion could be brought by the Defendants, stating that it has discontinued its dishonest use. Failure to respond to this change would lead to multiplicity of litigation which should be strenuously stopped. We think it is unnecessary to say anything more in this regard.

26. We are of the *prima facie* opinion that the Plaintiffs/Respondents had adequate knowledge much prior to the filing of the suit of the resolve of the Defendants to use the trademark RHIZOME Imperial Gold firstly because the Defendants had made its intent clear before the Excise Department, Hyderabad and the Defendants had applied for

registration of the trademark in 2002 and secondly because Plaintiffs' bottler had withdrawn its objection before the Excise Department, Hyderabad. The Plaintiffs idly stood by and watched the Defendants sales increase manifold. In this period the Appellants/Defendants had cornered a substantial part of the market. Delay and acquiescence has thus stepped in to defeat the Plaintiffs claim for an ad interim injunction.

27. Finally, so far as prayer of passing off is concerned, we reiterate that the similarity of label/trade dress was with respect to the Plaintiffs' ROYAL STAG and the Defendants' Imperial Gold. Substantial changes have been agreed upon by the Appellants which upon implementation removes any likelihood of deception even concerning the cognitive faculties of an average customer, if not in an inebriated stupor. It may still be pleaded by the Plaintiffs that the Defendants are guilty of passing off because of the adoption of the word IMPERIAL. To this we may clarify that neither party has any exclusive right for the use of the word IMPERIAL. The two labels, that is IMPERIAL BLUE and RHIZOME Imperial Gold are totally dissimilar and if a flat amber bottle is used by the Defendants/Appellants, no deception is likely to arise. It is also relevant to mention that the word IMPERIAL is used by several other manufacturers of alcohol such as IMPERIAL TRIBUTE,

IMPERIAL FAMOUS, TETLEY'S IMPERIAL, IMPERIAL'S HERO FIVE WHISKY, CAREW'S IMPERIAL WHINE WHISKY, OLD IMPERIAL, SUMMERHILL IMPERIAL, XO IMPERIAL, DON FULANO IMPERIAL, RON BARCELO IMPERIAL ETC. All these parties will have to co-exist. In view of the widespread use of the word IMPERIAL, especially in the alcohol business, it is not possible to accept the contention of Mr. Chandra that the word IMPERIAL has attained a secondary meaning which would justify exclusivity. Moreover, secondary meaning would evolve over a number of years; in the present case, the Plaintiffs started marketing its product in 1997 and that is too short a period to make such an extreme claim. In this regard, it is also relevant that both the parties have received registration under the TM Act for their competing brands

28. A number of labels had been presented to us by the Appellants with the intention of putting to rest the possibility of a complaint of passing off. The same are shown below:-



A

B

C



D

E

By way of an interim arrangement we permit the Appellants to market its product by using Label 'A'. It has Rhizome's written in largest font size; and uses a shield instead of a swirling

banner as in Royal Stag; the colour combination is also different to Royal Stag; the names are in start case. In addition, the Appellant shall use a round or curved bottle so as to easily distinguish it from the shape of the Royal Stag Bottle.

29. Our views are *prima facie* in nature and ought not to conclusively influence the final decision of any Court, or the IPAB or Registrar.

30. On the basis of this discussion, we accept the Appeal and set aside the impugned Order, subject, however, to the Appellant adopting the trademark RHIZOME Imperial Gold in the trade dress and corresponding packaging and bottling as depicted at the beginning.

FAO(OS) 497/2008

31. In view of our decision in FAO (OS).484/2008, this appeal is also allowed accordingly.

(VIKRAMAJIT SEN)
JUDGE

October 23, 2009
tp

(V.K. JAIN)
JUDGE