

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

+ C.S (OS) Nos. 1383/2005

Date of Decision: 13.09.2013

PREM RATAN RATHI & ORS.

.....Plaintiffs

Through: Mr. Amarjit Singh, Ms.
Vernika Tomar, Ms. Vibha
Arya, Advs

Versus

ASHISH IRON TRADING CO. & ANR.

.....Defendants

Through: Ex-parte.

CORAM:

HON'BLE MR. JUSTICE M.L. MEHTA

M.L. MEHTA, J.

1. This is a suit for permanent injunction restraining the infringement, passing off, unfair competition and dilution of the trademark 'RATHI', along with rendition of accounts and for destruction of all material bearing the impugned trademark/trade name.

2. The case of the plaintiffs is as follows. Plaintiff No.7, Rathi Research Centre (hereinafter referred to as 'the trust'), is a trust registered under the provisions of the Indian Trusts Act, 1882.

Plaintiffs no. 1 to 6 are its trustees and they all belong to the family of

late Sh. Gordhan Das Rathi. Plaintiffs no. 8 and 9 (hereinafter referred to as 'the companies') are two companies that are managed and controlled by the trust. The companies were incorporated under the provisions of the Companies Act, 1956, having their registered offices in New Delhi.

3. The plaintiffs submit that the trust was created with the object of maintaining uniform quality of the products manufactured and sold under the trade mark 'RATHI' and to regulate the use thereof amongst the companies. They submit that the trademark 'RATHI' was registered under No. 363735 on October 16, 1980 in the name of Gordhan Das Rathi Steels (P) Limited in respect of steel bars included in Class 6 of the Trade and Merchandise Marks Act, 1958. And that through a deed of assignment dated February 1, 1996, the registered mark 'RATHI', along with the goodwill and the business, was assigned in favour of the trust. The plaintiffs also submit that the name of the trust is recorded as subsequent proprietor of the registered trade mark 'RATHI' in the records of the Registrar of Trade Marks and the said trademark has been renewed and is valid and subsisting till date.

4. They submit that by virtue of being the registered proprietor of the trade mark 'RATHI', the trust has granted the companies, non-exclusive licenses dated March 2, 1998, to use the said trademark and to affix the mark on the goods of their manufacture. The plaintiffs further submit that the trademark 'RATHI' is also being used by them in conjunction with words like 'TOR', 'THERMEX', which are also

registered trademarks and are in use by the plaintiffs under separate license agreements from the respective proprietors thereof.

5. The plaintiffs submit that the trade mark 'RATHI' has been continuously and extensively in use in the course of trade by the plaintiffs and their predecessors in interest for more than three decades in respect of steel bars, popularly described, identified and demanded as 'SARIA' in common parlance. They further submit that on account of this long standing adoption and continuous extensive use, the trust has acquired and retained the exclusive right to use the trademark 'RATHI' and that the purchasing public recognizes the goods of the plaintiffs to be indicative of the plaintiff's source of manufacture and that of high quality. And that their reputation is not only restricted to the goods in respect whereof they have a registration, but extends to all allied goods or goods of the same description and that these goods are purchased by the same class of customers.

6. The plaintiffs submit that the trademark 'RATHI' is also registered under No. 309435 in the name of Rathi Foundation in respect of Ribbed T, Rounds, Squares, Flats, Joists, Angles, Channels and Re-rolled Sections of common metal included under Class 6. And that Rathi Foundation is a trust constituted by the family members of late Sh. Gordhan Das Rathi, Sh. Hari Kishan Rathi and Sh. Chand Ratan Rathi. They also submit that under the provisions of law, the plaintiffs and Rathi Foundation are proprietors of the trademarks 'RATHI' bearing registration nos. 367635 and 309435 respectively and

have independent rights to restrain infringement of the said trademarks and/or passing off against third parties.

7. The plaintiffs submit that defendant no.1; Ashish Iron Trading Co. is engaged in the sale of steel bars/saria. And that defendant no.2, Golden Rathi Star Industries Limited is a company incorporated under the Companies Act, 1956, having a steel bar/ saria manufacturing plant at Gautam Budh Nagar in Uttar Pradesh. The defendant no.2 company is promoted and run by Sh. Ombir Singh and other members of his family. The plaintiffs submit that defendant no2 acts as a manufacturer of defendant no.1.

8. The plaintiffs allege that the defendants have adopted an identical trademark 'RATHI' with respect to the goods of their manufacture and sale by adding a prefix 'GOLDEN'. Thus the goods are manufactured and sold by the defendants under the trade name 'GOLDEN RATHI' (hereinafter referred to as 'the impugned trademark'). The plaintiffs submit that this adoption by the defendants is done with a dishonest and malafide intention as they are using the essential part of the plaintiffs' registered trademark i.e. 'RATHI'. And that this name 'RATHI' has also been dishonestly adopted into the corporate name of the defendant. The plaintiffs allege that the acts of the defendant constitute infringement, passing off, unfair competition and dilution of the trademark 'RATHI'. And that the defendants are trying to create an impression in the minds of the purchasing public that their goods have originated from the plaintiffs' source or are

connected with the plaintiff in some way or the other. The plaintiffs submit that the defendants have full knowledge about the former's proprietary rights in the trademark 'RATHI' and the reputation that has accrued as well as the quality of the goods sold there under. And that because of the dishonest adoption by the defendant of the impugned trademark, the plaintiffs have suffered losses in business as well as reputation. The plaintiffs have estimated that through their illegal trade activities, the defendants have earned profits to the tune of Rs. 20 Lacs, but the actual amount of profits earned by the defendants could be calculated by only on rendition of the defendants' accounts.

9. The plaintiffs submit that through certain advertisements that appeared between April/May 2003, they came to know that the defendant no.2 was selling their goods under the impugned trademark. And that thereafter, M/s Rathi Foundation, the registered proprietor of the trademark 'RATHI' bearing registration no. 309435, instituted a suit for permanent injunction before this Court under Suit No. 1424/2003. This Court vide order dated July 21, 2003 granted an ex-parte injunction restraining the defendants from using the plaintiffs' trademark 'RATHI' on Ribbed T, Rounds, Squares, Flats, Joists, Angles, Channels and Re-rolled Sections of common metal included under Class 6 and were also restrained from using the said trademark 'RATHI' by adding any prefix or suffix whatsoever. The plaintiffs allege that despite this order being in operation against the defendants, they continued using the impugned trademark by publishing an advertisement in the newspaper Punjab Kesari dated May 5, 2003. The

plaintiffs further submit that their attention was drawn to the continuing illegal trade activities in June 2005 when goods bearing the impugned trademark were sold by defendant no.1 vide Cash Memo No. 189 dated June 21, 2005. And that the plaintiffs had no other choice but to file a Criminal Complaint for the commission of offences punishable under Sections 103 and 104 of the Trade Marks Act, 1999, with the Deputy Superintendent of Police, District Gautam Budh Nagar, U.P. And that during the search of the premises of defendant no.2, about one thousand tons of steel bars bearing the impugned mark were found, along with eight loaded trucks carrying the steel bars bearing the impugned mark ready for dispatch. The factory of defendant no.2 was subsequently sealed by the police to preserve the character and nature of the property.

10. The plaintiffs submit that on an application filed by defendant no.2 before the Ld. CJM, Gautam Budh Nagar, an order dated July 15, 2005 was passed, directing the SDM Dadri to take possession of the seized goods as a custodian/superdar and to preserve the goods in a safe premises. The plaintiffs allege that the SDM in collusion with the directors of defendant no.2 allowed access to defendant no.2 to the sealed factory without ensuring proper security. The plaintiffs also allege that about eight loaded trucks were found in the premises of defendant no.1 on July 7, 2005. And that thereafter, defendant no.1 was directed to construct a tin shed within its own premises to keep the seized good. The plaintiffs also submit that defendant no.2 filed a writ petition before the Hon'ble High Court of Allahabad, challenging the
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initiation of criminal action, and obtained an order by misrepresenting facts that the steel bars/saria manufactured and marketed by it was not the subject matter of the order of interim injunction passed earlier by this court in Suit No. 1424/2003 filed by Rathi Foundation.

11. The plaintiffs submit that the cause of action for the present suit arose on June 21, 2005 when they learnt that the defendants were still continuing their illegal trade activities by manufacturing and selling steel bars/ saria bearing the impugned mark. And that it further arose on July 7, 2005 when the goods bearing the impugned mark were seized by the police. And that the cause of action is a continuous one and subsists till date as the defendants allegedly are continuing the sale of the goods bearing the impugned mark. The plaintiffs further submit that this Court has the jurisdiction to try the present suit as the defendant no.2 company is carrying on its business activities and is working for gain within Delhi.

12. Vide order dated October 10, 2005 this Court passed an ex parte interim injunction under Order XXXIX Rules 1 and 2, restraining the defendants from manufacturing, processing, selling and offering for sale steel bars under the mark 'RATHI' or 'GOLDEN RATHI'. Vide the same order, two Local Commissioners were appointed to visit the premises of the defendants no 1 and 2 and to prepare an inventory of steel bars/saria bearing the impugned trademark and to thereafter handover the goods to the plaintiffs on *superdari*. The Local Commissioners were also directed to seize the dyes used by the

defendant for manufacturing the offending goods bearing the impugned mark. According to the report of one of the Local Commissioners, in carrying on a search of the premises of defendant no.1 at Prem Nagar, Gurgaon, four saris of 20mm thickness and 36 feet length and two saris of 16mm thickness and 35 feet length bearing the impugned marks were found to be lying there. These saris were thereafter seized and handed over to the plaintiff on superdari. An inventory of these goods was also prepared which is on record. The second Local Commissioner was directed to visit the premises of defendant no.2. On conducting a search of the premises, the Local Commissioner reported to have found saris bearing the impugned mark as well as the mark "GRISL". However according to his report, none of the dyes bore the impugned mark.

13. The defendant no.2 thereafter filed its written statement. It submits that the present suit ought to be dismissed under Order VII Rule 11 of the Code on the ground that no cause of action had arisen in favour of the plaintiffs. And that the defendant no.2 has not been using the mark 'RATHI' since the order of temporary injunction against them in Suit No 1424/2003. The defendant no.2 further submits that since an injunction was already sought in the above mentioned suit with respect to the trademark 'RATHI', the plaintiffs cannot claim the relief in the present suit. It further submits that since plaintiff no.7 is a trust, its subject matter should be property as provided under Section 8 of the Indian Trusts Act, 1882. The defendant no.2 claims that 'property' as stipulated under the Indian Trusts Act, 1882 means a

tangible asset, while a trademark is an intangible asset and as such the plaintiff no.7 trust could not own any trademark.

14. The defendant no.2 claims that the word 'RATHI' is a common word and has not been copied by them from the plaintiffs. In regard to this contention, the defendant no.2 submits that the promoters and directors of the defendant no.2 company belong to the village Rathi Vas, in Haryana. And that one Pt. Sabban, who was the great grandfather of the promoter/director of the defendant no. 2 company, was a permanent resident of the abovementioned village. And that sometime in the year 1955 the family shifted to Palam Village where the son of Pt. Sabban, Pt. Chander carried on business as an iron merchant along with his son Sh. Om Prakash Sharma under the name and style M/s Rathi Steel Trading Company. And that this steel business was subsequently shifted to Gurgaon and was being run by Sh. Om Prakash Sharma and his son Sh. Ombir Singh. This business was thereafter converted into the company Golden Rathi Star Industries (defendant no.2).

15. The defendant no.2 submits that it does not use the impugned trademark for Ribbed T, Rounds, Squares, Flats, Joists, Angles, Channels and Re-rolled sections of metal, but only manufacture and sell Cold Twisted Steel Bars (CTD Bars) and TMT bars under the impugned mark and also the trade names 'GOLDEN STAR', 'GOLDEN STEEL' and 'GRSIL'. And that the defendant no.2 has applied for registration of the impugned trademark in Class 6 in respect

of CTD Bars, Steel Ingots, Billets, Mild Steel Bars and Angle, Rolled and cast of building materials under application No. 872430 dated August 20, 1999. It further submits that this Court in Suit No. 1424/2003 has not passed a specific injunction with regard to the use of the mark 'RATHI' in respect of CTD bar and as such the defendant no.2 has not violated the right of the plaintiffs' or the Court's order and thus the suit ought to be dismissed on this ground.

16. The defendant no 2 further submits that the plaintiffs are currently advertising the products sold under the trade names 'RATHI TOR', 'RATHI THERMEX, 'RAHTI EUROTEM' etc. And that this fact clearly showed that the word 'RATHI' could not be monopolized on its own and had to be used in conjunction with other supporting words. The defendant no.2 by virtue of this contention is trying to imply that the word 'RATHI' has lost its name for quality and needs the support of other brands to survive.

17. In its replication, the plaintiffs submit that the earlier Suit No. 1424/2003 was filed by the registered proprietors of trade mark No. 309435 and the present suit is filed by the registered proprietors of the trademark no. 367635 and that both the registered proprietors have independent and parallel rights to restrain anyone from committing acts of infringement and passing off. With regard the use of the name 'RATHI', the plaintiffs submit that the trademark is being used by them and their predecessors in interest and much prior in point of time than the adoption and use of the trademark by the defendants. The

plaintiffs deny that the word 'RATHI' is a common word and is being used by other people for their businesses. The plaintiffs further clarify that the defendants are well aware that cold twisted steel bars (CTD Bars) are technically called Rounds and Re-rolled sections of common metal. And that the plaintiffs were constrained to file the present suit to seek a specific order restraining the defendants from using the impugned mark in respect of steel bars which was not the subject matter of the previous suit i.e. Suit no. 1424/2003.

18. The defendant no.1 also filed its written statement in which it denied all the submissions made in the plaint. It submitted that defendant no.1 is not engaged in the manufacture of steel bars/ saria, but only involved in sale of the products. And that defendant no.2 was manufacturing CTD Bars and the answering defendant was the holder of their agency for some period. But when they came to know that a dispute was pending between the plaintiffs and the defendant no 2, they surrendered the agency in the year 2003. And that some of the old stock of the plaintiffs as well as of the defendant no 2 is lying in the shop of defendant no.1 in the shape of cut pieces.

19. Vide order dated April 27, 2006, the court framed the following issues for trial:

1. Whether the plaintiffs are the proprietors of the trademark 'RATHI' in respect of steel bars popularly described, identified and demanded as 'SARIA' in common parlance under the common law? OPP

2. Whether the plaintiffs are the registered proprietors of the trademark 'RATHI' registered under no. 367635 in class 06 in respect of steel bars/saria? OPP
3. Whether the use of 'GOLDEN RATHI' on the part of the defendants as a trademark in respect of steel bars/saria and/or use of it as their corporate name constitutes an act of infringement to registered trademark no. no. 367635? OPP
4. Whether the use of the mark 'GOLDEN RATHI' on the part of the defendant as a trademark in respect of steel bars/saria and/or as its corporate name constitutes an act of passing off?
5. Whether the plaintiff is entitled for rendition of accounts from the defendants. If so, for what period? OPP
6. Whether the plaintiff is entitled for damages, if so, how much? OPP
7. Whether the defendants are entitled to use the word 'RATHI' with any suffix and prefix, being a common word and/or surname in respect of the goods manufactured and sold by them and their corporate name? OPD
8. Relief

20. Vide order dated August 3, 2009 defendant no.1 was proceeded *ex-parte*. Further, vide order dated 21 April, 2010 defendant no.2 was also proceeded *ex-parte*. It is also pertinent to note that in the previous suit i.e. Suit No. 1424/2003, a submission was made by the Ld. Counsel for the defendant that the defendant no.1 therein, which is defendant no.2 company in the present suit, is not in existence anymore as the Directors of the company have expired. The Ld. Counsel for the plaintiff sought time to seek instructions regarding the existence of the

defendant no.2 company. On seeking instructions, the Ld. Counsel for the plaintiff stated that the defendant no.2 company is still in existence and is still engaged in the business.

21. I have heard the Ld. Counsel for the plaintiff and have perused through the documents on record. Issue-wise findings are as follows:

Issue No: 1

22. Issues No. 1 and 2 can be decided together as they deal with the proprietary rights of the plaintiff in the mark 'RATHI'. This issue decides as to whether the plaintiffs have a proprietary right under common law to use the trademark 'RATHI'. A proprietary right under common law refers to those rights which accrue on the plaintiffs not through registration of the trademark, but by prior, continuous and extensive use of the trademark 'RATHI'. In the case of ***Century Traders vs. Roshan Lal Duggar***, AIR 1978 Del 25, a division bench of this Court, referring to the case of ***Consolidated Foods Corporation v. Brandon and Co., Private Ltd.***, AIR 1965 Bom 35, held the following:

“A trader acquires a right of property, in a distinctive mark merely by using it upon or in connection with his goods irrespective of the length of such user and the extent of his trade- The trader who adopts such a mark is entitled to protection directly the article having assumed a vendible character is launched upon the market. Registration under the statute does not confer any new right to the mark claimed or any greater rights than what already existed at common law and at equity

without registration. It does, however, facilitate a remedy which may be enforced and obtained throughout the State and it established the record of facts affecting the right to the mark. Registration itself does not create a trade mark. The trade mark exists independently of the registration which merely affords further protection under the Statute. Common law rights are left wholly unaffected. Priority in adoption and use of a trade mark is superior to priority in registration.” (emphasis supplied)

23. In the affidavit by way of evidence of Sh. Kamlesh Kumar Rathi, the constituted attorney for the trust, it is stated that the trademark ‘RATHI’ was used with respect to steel bars since the year 1980 by Gordhan Das Rathi Steel (P) Ltd. and was assigned to the trust vide assignment deed dated February 1, 1996. He further submits that the trademark ‘RATHI’ is continuously being used in the course of trade by the plaintiffs and their predecessors in interest for more than three decades and by virtue of the same, has established a reputation in the market qua steel bars/saria. In order to establish the continuous use of the trademark ‘RATHI’ by the plaintiffs, the year-wise statement of expenses incurred on publicity by the companies along with their statement to sales in respect thereof for the years between 1999-2005 have been placed on record. The statement of sales is derived from the books of accounts of the company maintained in the normal course of business. The said statement, dated September 06, 2005 has been printed on the letter head of A.K. Vaish & Co, Chartered Accountants and is placed on record at Ex P7/1.

24. Invoices bearing the names of various advertising agencies/newspapers are also placed on record from Ex P2/3 to Ex P2/46 dating from the year 1998 and Ex P8- Ex P23 are certain newspaper clippings of advertisements of the plaintiffs' products sold under the trademark 'RATHI'. Further, the invoices raised by plaintiff no.8 while selling its goods are produced on record at Ex PW2/47- Ex PW2/104 since the year 1997. Also around 20 originals of the invoices raised by the plaintiff no.9 has been placed on record. After examining the said documents relied on by the plaintiff, it appears clear to me that the plaintiffs have established the fact that they have been involved in the sale of steel bars/saria under the trademark 'RATHI' and have built a reputation and goodwill in the business.. By virtue of prior use since the year 1998, as evidenced by the invoices of the companies, along with extensive sale and advertisements of the goods, the plaintiffs have been able to prove that they are proprietors of the trademark 'RATHI' under common law. This issue is decided in favour of the plaintiffs.

Issue No: 2

25. A registered proprietor is defined under Section 2(v) of the Trade Marks Act, 1999 as:

“(v) "registered proprietor", in relation to a trade mark, means the person for the time being entered in the register as proprietor of the trade mark.”

The plaintiffs have placed on record, the entry in the Register of Trade Marks relating the registered trademark No. 367635. This document is exhibited at Ex P-3. The said entry shows the name of the proprietor to be Gordhan Das Rathi Steel (P) Limited and the registration date as October 16, 1980 with the renewal date as October 16, 2001. Also placed on record is the request made on Form TM-23 to register the plaintiff no.7 trust as subsequent proprietor of the trade marks. This document is dated December 28, 2004 and is exhibited at Ex P-4. The subject matter of the said document is with respect to trademark no. 367635 and is in the name of M/s Rathi Research Centre (Plaintiff No.7 trust). The document also records that the request to register as subsequent user has been allowed and the necessary entries made in the Register in due course. Thus, it is clear to me that the name of the plaintiff no.7 trust appears in the Register of Trade Marks as the registered proprietor of trademark No. 367635.

26. With regard to plaintiffs no. 8 and 9 companies, the plaintiff no.7 trust has licensed the use of the trademark RATHI in their favours vide Registered User Agreements dated March 2, 1998. This agreement was renewed by Trade Mark Registered User Agreements dated April 13, 2004 between plaintiff no.7 trust and the companies separately. The above stated agreements are placed on record at Ex P-5/1, Ex P-6 and Ex P-6/1. By virtue of the said agreements, the companies were granted non-exclusive licenses to use the trademark RATHI in India as a registered user and affix the said mark on the

goods to be manufactured by it. Applications dated September 21, 2004 were also made by the trust under form TM-28 of the Trade Marks Act, 1999 for Registration of the companies as a registered user. These applications are placed on record at Ex. P5/3 and Ex P5/2. On examining the above mentioned agreements and applications on record, it is evident that the plaintiffs no 8 and 9 have also acquired proprietorship over the registered trademark RATHI. Thus, the second issue is also decided in favour of the plaintiffs.

Issues No 3, 4 and 7:

27. Issues no 3, 4 and 7 are connected and can be dealt with together. Issue No.7 decides as to whether the defendants can use the trademark 'RATHI' with a suffix or prefix by virtue of the said word being a common word/surname. Consequently, Issues no. 3 and 4, which pertain as to whether the use of the impugned mark 'GOLDEN RATHI' by the defendants amounts to infringement and passing off, can be decided.

28. The primary defense raised by the defendants is that the word "RATHI" is a common word derived from the name of a village, Rathi Was, Haryana. And that the term "RATHI" is also a dictionary word meaning progressive/booming. And that the defendant's mark is distinguished from the plaintiff's by prefixing the term GOLDEN.

29. The legal proposition regarding the use of common word marks in rival trademarks is well settled. The evolution of the said proposition can be traced from the *M/s. S. M. Deychem Ltd. v. M/s. Cadbury*

(India) Ltd., (2005) 5 SCC 573, in which the Apex Court observed that where common marks are included in the rival trademarks, more regard is to be paid to the parts not common and the proper course is to look at the marks as a whole, but at the same time not to disregard the parts which are common. The Court also sought to apply the principle that dissimilarity in essential features in devices and composite marks are more important than some similarity. However, in the Apex Court in the **Cadila Healthcare Ltd. v. Cadila Pharmaceuticals Ltd., AIR 2001 SC 1952** digressed from the view taken in the **Dychems Case** (supra) and observed:

*“These observations appear to us to be contrary to the decision of this Court in **Amritdhara Pharmacy v. Satya Deo Gupta, AIR 1963 SC 449**, where it was observed that the products will be purchased by both villagers and town folk, literate as well as illiterate and the question has to be approached from the point of view of a man of average intelligence and imperfect recollection. A trade may relate to goods largely sold to illiterate or badly educated persons. The purchaser in India cannot be equated with a purchaser of goods in England. While we agree that in trade mark matters, it is necessary to go into the question of comparable strength, the decision on merits in **Dychems case** (supra) does not, in our opinion, lay down correct law and we hold accordingly.”*

30. In the **Amritdhara Case** (supra), the Apex Court observed:

“It is not disputed before use that the two names 'Amritdhara' and 'Lakahmandhara' are in use in respect of the same description of goods, namely, a medicinal preparation for the

*alleviation of various ailments, Such medicinal preparation will be purchased mostly by people who instead of going to a doctor wish to purchase a medicine for the quick alleviation of ;their suffering, both villagers and townsfolk, literate as well as illiterate. As we said in **Corn Products Refining Co. v. Shangrila Food Products Ltd**, AIR 1960 SC 142; the question has to be approached from the point of view of a man of average intelligence and imperfect recollection. To such a man the overall structural and phonetic similarity of the, two names 'Amritdhara' and 'Lakshmandhara' is, in our, opinion likely to deceive or cause confusion. We must consider, the overall similarity of the two composite words 'Amritdhara' and 'Lakshman- dhara'. We do not think that the learned Judges of the High Court were right in paying that no Indian would mistake one 'for the other. An unwary purchaser of average intelligence and imperfect recollection would not, as the High Court supposed, split the name into its component parts and consider the etymological meaning thereof or even consider the meanings of the composite words as 'current of nectar' or current of Lakshman'." (emphasis supplied).*

31. Further, this Court in the case of **Greaves Cotton Limited Vs. Mohammad Rafi and Ors.**, 180 (2011) DLT 749, was faced with a similar issue regarding the use of a registered trademark with a suffix or prefix by a defendant. The Court held:

“Neither deletion of a part of a registered trademark nor the prefix or suffix of another word to it would validate the use of the registered mark by an unlicensed user, once it is shown that the part used by the infringer is an essential part of the registered trademark.”

32. Similarly, in the case of **B. K. Engineering v. U. B. H. I. Enterprises (Regd.) Ludhiana & Anr.**, AIR 1985 Del. 210 this Court was faced with rival trademarks B. K. and B. K. – 81 with respect to bicycles bells. The Court held:

“The defendants say that they are entitled to use "B.K.-81" as B.K. is an abbreviation of their deceased mother's name. Balwant. Kaur. I cannot accept this argument. That the defendants use their mother's name with no intention to deceive anybody does not mean that such likelihood has not been created. It was then said that the defendants are using in addition to letters "B.K." to distinguish their product from the plaintiffs' product. This is merely "garnishing", as the expression goes, merely altering the name by the addition of 81. Even the altered name is likely to mislead. The defendants product will deceive people into thinking that their goods are the goods of the plaintiffs. The setting of the law of passing'-off is competition between traders. There is a real risk of injury to the reputation of the plaintiffs if the defendants are not prevented from selling cycle bells under the name "B.K.-81". This is a misappropriation of plaintiffs' name. "B.K.-81" is strongly suggestive of association with the plaintiffs, or some license or endorsement from them. This is called "misappropriation of business reputation.” (emphasis supplied)

33. The defendant no.2 in its written statement claims that the word RATHI is a common word and that the name was adopted by them because the great grandfather of the promoter/director of the defendant no.2 was a resident of Rathi Vas village in Haryana. However no evidence has been placed on record to prove the said contention. Further, applying the ratio in the ***Greaves Cotton Case*** (supra), the defendants' use of the word 'GOLDEN' before the mark of the plaintiff 'RATHI' does not entitle them to use the impugned mark. The plaintiff's mark 'RATHI' is the essential part of their registered trademark and has been in use since the year 1980 as proved in Issues No. 1 and 2. Further, it is also seen from the newspaper clippings of the advertisements of the plaintiff's products placed on record, that they

sell the products under the trademark 'RATHI' along with suffixes like 'TOR' and 'THERMEX', thus bearing the marks 'RATHI TOR' and 'RATHI THERMEX'. Furthermore, it is stated by defendant no.2 in its written statement that the plaintiffs are also selling their products under the names 'RATHI EUROTEM' and 'RATHI PRAGATI'. Therefore it is clear to me that the word 'RATHI' forms an essential part of the plaintiff's trademark and thus, the defendants do not have the right to use the said word with any suffixes or prefixes. Issue No.7 is decided in favour of the plaintiff.

34. I will now proceed to decide Issues No. 3 and 4. The position of law on infringement and passing off is pithily summarised in the case of ***Kaviraj Pandit Durga Dutt Sharma v. Navratna Pharmaceutical Laboratories***, AIR 1965 SC 980. The Apex Court observed:

“The use by the defendant of the trade mark of the plaintiff is not essential in an action for passing off, but is the sine qua non in the case of an action for infringement. No doubt, where the evidence in respect of passing off consists merely of the colourable use of a registered trade mark, the essential features of both the actions might coincide in the sense that what would be a colourable limitation of a trade mark in a passing off action would also be such in an action for infringement of the same trade mark. But there the correspondence between the two ceases. In an action for infringement, the plaintiff must, no doubt, make out that use of the defendant's mark is likely to deceive, but were 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 limitation [sic: imitation], no further evidence is required to establish that the plaintiff's rights are violated.... [I]f the essential features of the trade mark of the plaintiff have been adopted by the defendant, the fact that the get-up, packing and other writing or marks on the goods or on the packs 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." (emphasis supplied).

35. In the instant case, the defendant no.2 has adopted the impugned mark with the prefix "GOLDEN". However, upon closer inspection of the defendant no.2's products, it is seen that their steel bars contain the terms "GOLDEN" and "RATHI" in separate portions of the steel bar in such a manner that the two cannot be seen together, unless one slightly rotates the bar to reveal the other word. Further, since the bars contain multiple prints of the words "GOLDEN" and "RATHI", it appears to me that the customers cannot decipher whether the name of the product is "GOLDEN RATHI" or "RATHI GOLDEN". Thus it is clear to me that the registered mark of the plaintiff and the impugned mark are both visually and phonetically similar. In either case, the purchasing customer, in all likelihood, can be led to believe that the steel bars of the defendant belong to the plaintiffs since both the parties are engaged in similar businesses. Moreover, since the plaintiffs are also using the term RATHI with different prefixes and suffixes, the customers can be misled to believe that the defendant's steel bar is a variant of the plaintiffs' products, presumably of better quality, since it contains the term "GOLDEN".

36. With regard to the use of the mark ‘RATHI’ in the corporate name of the defendant no.2, it is pertinent to note the observation of the Supreme Court in the case of ***Mahendra & Mahendra Paper Mills Ltd. vs. Mahindra & Mahindra Ltd.*** In this case, the Apex Court was faced with the question as to whether the use of the appellants mark ‘MAHENDRA’ as a part of its corporate name constituted an act of passing off. The Apex Court held as under:

“People have come to associate the name 'Mahindra' with a certain standard of goods and services. Any attempt by another person to use the name in business and trade circles is likely to and in probability will create an impression of a connection with the plaintiffs' group of companies. Such user may also effect the plaintiff prejudicially in its business and trading activities.”
(emphasis supplied)

Furthermore, Section 29 (5) of the Trade Marks Act, 1999 clearly stipulates that:

“(5) A registered trade mark is infringed by a person if he uses such registered trademark, as his trade name or part of his trade name, or name of his business concern or part of the name, of his business concern dealing in goods or services in respect of which the trade mark is registered.”

37. In the instant suit, the plaintiffs have established a reputation of selling good quality steel bars under the trade name ‘RATHI’. The mark ‘RATHI’ also forms a part of the plaintiff no.7 trust as well as the plaintiff no.8 and 9 companies. The defendant no.2’s company has also

used the name 'RATHI' as a part of its corporate name. To my mind, the use of the word 'RATHI' in the corporate name of defendant no.2 is bound to cause confusion among the purchasing public, especially since the nature of the businesses of both the plaintiffs and defendant no.2 are the same. There is a very high probability that customers would associate the name 'GOLDEN RATHI STAR INDUSTRIES LIMITED' (defendant no.2) with that of the plaintiff trust or the companies created therein.

38. In light of the above discussion, I find that the use of the said mark "GOLDEN RATHI" by the defendants with respect to the goods produced by them as well as in the corporate name constitutes acts of infringement and passing off. Issues no.3 and 4 are decided in favour of the plaintiff.

Issues No. 5, 6, and 8:

39. The plaintiffs herein have prayed for a decree of permanent injunction along with an Order for rendition of accounts as well as cost of legal proceedings. Since the plaintiffs have not prayed for damages, Issue no. 6 is redundant. In any event, in accordance with Section 135 of the Act, the plaintiff is either entitled to a relief of damages or an account of profits. Therefore, the plaintiff is entitled to an Order on rendition of accounts and delivery up of the impugned products and labels. The relief is as hereunder.

Relief:

40. I find that the use of the impugned trade mark, “GOLDEN RATHI” by defendant no. 2 constitutes an infringement of the plaintiff’s registered trade mark, “RATHI”. The defendant’s adoption of the impugned trade mark also amounts to passing off his steel bars as that of the plaintiff. I hereby grant a permanent injunction in favour of the plaintiff, restraining the defendant no.2, or any other person acting on their behalf, from manufacturing, marketing and selling steel bars (saria) or similar goods under the mark “RATHI” and/or “GOLDEN RATHI” and/or any other mark with any suffix or prefix added thereto. Defendant no.2 is also prohibited from using the impugned mark either singularly or in conjunction with any other prefix or suffix as its corporate name. Defendant no.2 is also directed to render accounts of the profits earned by it by using the impugned trade mark. Further, the defendant no.2 is also directed to hand over all the goods carrying the impugned trade mark, along with all moulds, dies, trade literature, publicity materials etc.

41. With regards to defendant no. 1, it was stated in their written statement that it was the holder of the agency of the defendant no.2 for some period and that on gaining knowledge of a dispute pending between the defendant no.2 and the plaintiff, defendant no.1 surrendered the agency of defendant no.2. However, there is no oral or documentary evidence on record to prove the statement made by defendant no.1, proving that they are no longer selling the goods of defendant no.2, which bears the impugned mark. In absence of any evidence, I pass an order of permanent injunction against defendant

no.1 to the same extent as decreed against defendant no.2. I and also pass an order of rendition of accounts of the goods bearing the impugned mark supplied to the defendant no.1 and also to hand over all the goods carrying the impugned trade mark, along with all moulds, dies, trade literature, publicity materials etc. Decree be drawn accordingly.

M.L. MEHTA, J.

SEPTEMBER 13, 2013

kk/rmm