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

Reserved on: 22.09.2015
Pronounced on: 19.11.2015

+ **FAO (OS) 131/2012**

COLGATE PALMOLIVE COMPANY AND ANR.

.....Appellants

Through: Sh. Pravin Anand, Advocate.

Versus

ANCHOR HEALTH AND BEAUTY CARE PVT. LTD.

.....Respondent

Through: Sh. Sudeep Chatterjee and Sh. Karan Bajaj,
Advocates.

CORAM:

HON'BLE MR. JUSTICE S. RAVINDRA BHAT

HON'BLE MS. JUSTICE DEEPA SHARMA

MR. JUSTICE S. RAVINDRA BHAT

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1. This is a defendant's appeal, directed against the order dated 14.02.2012 of the learned Single Judge allowing the plaintiff's (which is hereafter called "Anchor") application I.A. 21176/2011 for amendment of plaint under Order VI Rule 17 of the Code of Civil Procedure, 1908 (CPC).

2. Anchor, in its suit (filed on 01.09.2007) claimed that it was using the trade mark and logo "ANCHOR", in a red and white color combination. It launched a tooth paste "Anchor White - Allround Protection" in 2005. In August, 2007, the defendant/appellant (hereafter "Colgate") introduced its new "Strong Teeth" carton using the phrase, "All-Around Decay

Protection"; Anchor complained that Colgate copied its (Anchor's) distinctive features of packaging. Anchor also alleged that in the new coloured "Strong Teeth" carton, use of the tooth device with bubbles around it is similar to the tooth device used by it in its "White-Allround Protection". Anchor further alleged that Colgate was interfering with its business unlawfully and had instituted several suits against it and were also threatening its dealers. Anchor sought an injunction restraining Colgate from interfering with its legitimate business and imitating or copying features of its range of products including the term "Allround Protection" and Tooth Device in their Colgate "Strong Teeth" Carton.

3. During pendency of this suit, the mark "ALLROUND" was registered in the name of Anchor, on 26.08.2008. At the time of filing, the suit was initially titled as a suit for declaration and permanent injunction restraining tortious acts of unlawful interference. Anchor sought to amend the suit headings from one for "unlawful interference" in its *"business, acts of unfair competition, economic duress and causing loss.."* to one where the proposed heading was *"Suit for declaration and permanent injunction restraining infringement of registered trade mark/passing off, tortious acts of unlawful interference in the plaintiff's business, acts of unfair competition, economic duress and causing loss ..."*

4. Other amendments in the body of the suit, [introduction of new paras 6(A), 6(B), 6(C) & 12(A)] included the averment that Anchor had sought registration of the trademark ALLROUND on 02.09.2005 which was granted on 26.08.2008 during pendency of the suit. Para 12A urged as follows:

"12A. The use of the term ALL AROUND DECAY PROTECTION is a complete imitation of the plaintiff's mark ALLROUND which is a registered trade mark. The use of the same with respect to the identical products constitutes infringement of registered mark and passing off as also dilution of the said mark. The products being competing products, the defendant claiming to be the leading manufacturer of tooth paste, there was no justification in adopting an identical expression which is associated with the plaintiff. The defendant's use is clearly subsequent, deliberate, conscious and illegal in nature. The entire purpose has been to ride piggyback upon the enormous reputation which the ANCHOR tooth paste has earned due to the extensive advertising on the electronic media and otherwise. The use of the term ALL AROUND DECAY PROTECTION which encompasses within it the entire mark of the plaintiff ALLROUND is clearly infringement of the registered trade mark, constitutes passing off, acts of unfair competition and dilution."

Anchor further sought leave to amend the relief/prayer clause by inserting the claim for permanent injunction restraining infringement.["... permanent injunction be passed restraining the defendants.....from using the term ALL AROUND DECAY PROTECTION or any other features on the plaintiff's carton which violate the plaintiff's statutory and common law rights thereby resulting in infringement, passing off, dilution etc."].

5. Colgate opposed the application for leave to amend, urging that the fundamental structure and cause of action was sought to be altered by making the proposed amendment, converting the plaint in a non-confusion suit into a "confusion" based cause of action. Colgate alleged that the limitation for filing a suit for infringement of trade mark expired in 2010 and, therefore, the proposed amendment, would result in irreparable injury to it. Colgate also alleged that it had filed rectification proceedings,

immediately on coming to know of the registration favouring Anchor. The further objection was despite the registration in its favour being granted on 26.08.2008.

6. The learned Single Judge was of the opinion that since the law of amendment of pleadings is "rather liberal in nature" the amendments should ordinarily be allowed, *"unless it is likely to prejudice the opposite party or is likely to take away a vested right which has accrued to the opposite party provided the opposite party can be compensated in terms of cost. Errors or mistakes, if not fraudulent, should not be made a ground for rejecting the application for amendment of plaint or Written Statement."* It was further observed that amendments aimed at avoiding multiplicity of proceedings should generally be allowed. The impugned judgment relied on *Suraj Prakash v Raj Rani Bhasin* (1981) 3 SCC 652; *L.J. Leach & Co Ltd v Jardine Skinner & Co* AIR 1957 SC 357 and *Laxmidas Dayabhai Kabarwala v Nanabhai Chunilal Kabarwala & Ors.* AIR 1964 SC 11. The learned Single Judge held that the objection as to the suit being time-barred was without substance as it could be said that the suit was based on a continuing cause of action. The learned Single Judge also overruled the argument that the amendment permitted alteration of the suit from one kind to another.

7. Colgate's counsel argues that the learned Single Judge fell into error in holding that since the law relating to amendment of pleadings is liberal, the amendment sought by Anchor in this case could be allowed. Emphasizing that though provisions of Order VI, Rule 17 CPC, enabled amendment of a suit any time before the issues are settled, learned counsel

highlighted that nevertheless the courts had prescribed well-recognized limitations on this seemingly wide power of permitting amendments of pleadings. It was argued in this context that the limiting factor which ought to have alerted the court to reject the amendment sought, was the circumstance that the essential defensive nature of the suit would be changed altogether- the suit was initially a trade dress violation and a passing off action, meant to be defensive in nature (given that Colgate had filed no less than 3 other suits before Anchor filed its present suit), but would now become an offensive infringement suit. Highlighting that an infringement suit is based upon violation of statute, counsel urged that when the suit was filed by Anchor in 2007, it never disclosed firstly that it had claimed registration for the expression "*All-around*". Rather it premised its suit claim on the basis that the overall get up and description of the product made by or claimed by Colgate was similar to its own. It was secondly submitted that even after registration was granted in August 2008, i.e. one year after the filing of the suit and nearly one year after the filing of the written statement, the Plaintiff, Anchor made no attempt to seek amendment. It willfully allowed the matter to proceed further in the existing frame of the suit and chose to approach the Court much later in 2011 after a lapse of 3 years. By this time the respective positions of the parties were well known. Not only was the suit sought to be altered later, but the effect of the amendment was allegations of infringement which could relate back to the date of filing of the suit, i.e. even before registration had been granted. Clearly, this was untenable.

8. Mr. Anand, counsel for Colgate, relied on the observations of the Supreme Court in the judgments reported as *A.K.Gupta & Sons v Damodar Valley Corporation* AIR 1967 SC 96; *Revajeetu Builders & Developers v Narayanaswamy & Sons & Ors* 2009 (10) SCC 84 to urge that the general rule is that a party is not allowed by amendment to set up a new case or a new cause of action particularly when a new suit on the new case or cause of action is barred. Learned counsel attacked the observations in the impugned judgment to the effect that the use of the phrase "All-Around Decay Protection" and "Strong Teeth" carton by it had been pleaded while filing this suit and consequently, that it was difficult to say that by alleging infringement based on the trade mark registration granted to Anchor during pendency of the suit, an altogether new cause of action was sought to be pleaded or the existing cause of action was sought to be substituted by a new cause of action.

9. Mr. Sudeep Chatterjee, learned counsel for the plaintiff, Anchor argued that there is a fallacy in the appellant's argument. It was contended that the amendments sought and granted could not possibly be said to have caused prejudice to Colgate. Counsel urged that the basic facts relating to confusion based on passing off were not undermined by the amendment; the defendant Colgate precisely knew all the essential facts. It was submitted that in the present case, there was no fundamental change in the nature of the suit or the cause of action and in any case a fresh suit based on infringement could have been filed that would not have been barred by limitation. Counsel highlighted that trial was yet to commence; the suit was at an initial stage since the issues were framed and, there was no likelihood of any

injustice or prejudice being caused to the defendants. On the other hand, if the proposed amendment is not allowed, it is likely to result in multiplicity of litigation on account of the plaintiff being compelled to file a fresh suit on the basis of infringement of its registered trade mark.

10. It is argued that even the original suit is premised upon the use of the term "*Allround*" which is the registered trade mark of Anchor. The registration took place during pendency of this suit. Therefore, the fundamental ground on which the suit is based continues to be the same even if the proposed amendment is allowed. The appellant Colgate, according to counsel, is not correct that Anchor adds a new cause of action, by way of the proposed amendment. What is introduced is only an additional ground, to challenge the use of the impugned mark/expression by Colgate. Counsel relied on the Supreme Court judgment in *North Eastern Railway v Bhagwan Das* AIR 2008 SC 2139.

Analysis and conclusions

11. In the original suit as framed - Anchor's emphasis was on the use of the term "*All round protection*", which described its own toothpaste. Anchor mentioned about its main - established business in an unrelated field and then stated that it started its foray in the toothpaste business. Its main complaint can be gleaned from the following averments in the original suit:

"In order to ensure that the defendants do not start claiming exclusive rights on the term 'All Round Protection' and the 'Tooth device' appearing on the plaintiffs carton, the present suit is being filed to place on record the conduct of the defendants which are using all possible methods to curb healthy

competition from the plaintiff. The term "All Round Protection" is associated with the plaintiff's product and the defendants are not entitled to use the same. The conduct of the defendants' constitutes tortious acts of interference in the legitimate business of the plaintiff, It also results into inducement of breach of contract between dealers, suppliers, raw material sources with the plaintiff. The defendants are indulging in conspiracy with a view to damage and harm the plaintiff's business by unlawful means. The defendants' acts and have cause economic duress resulted into harassment to the plaintiff for which the plaintiff is entitled to recover actual and punitive damages in view of the complete misinformation against the plaintiff with the dealers, spread by the defendant distributors and market. The defendants adopt complete incorrect methods compete with the plaintiff and have caused huge damage to the plaintiff."

12. The curious feature of the present case is that for over four years, the suit was pending; even the *ad interim* injunction application was not decided. That application IA 9787/2007 was heard on several dates: 15.11.2011; 17.11.2011; 22.11.2011; 23.11.2011; 29/30.11.2011; 01.12.2011; 02.11.2011; 05.12.2011; 08.11.2011; 13.11.2011; and 14.12.2011. On the said last date, i.e. 14th December, 2011, the learned Single Judge recorded as follows, in the order:

"Part-heard.

List for remaining arguments on 2nd January, 2012.

The learned counsel for the plaintiff states that he would like to amend the plaint so as to incorporate the plea that the 'ALL ROUND' being registered trademark of the plaintiff, vide registration no. 1381760 granted on 26.8.2008 w.e.f. 02.9.2005, the defendants are also infringing the aforesaid registered trademark of the plaintiff. The proposed application qua amendment be filed within two days, as is undertaken by learned counsel for the plaintiff. Reply to the application can be filed within one week on getting a copy of the application."

Thus, Anchor itself consciously did not seek to amend the suit, till December, 2011- i.e. more than four years after the filing of the suit, and over 3 years and 2 months after securing trade mark registration.

13. In *Revajeetu Builders & Developers* (supra), the Court revisited authorities on amendment of pleadings, and restated the basic principles which govern applications for amendment of plaint. Those principles, as spelt out, are:-

"On critically analyzing both the English and Indian cases, some basic principles emerge which ought to be taken into consideration while allowing or rejecting the application for amendment.

(1) Whether the amendment sought is imperative for proper and effective adjudication of the case?

(2) Whether the application for amendment is bona fide or mala fide?

(3) The amendment should not cause such prejudice to the other side which cannot be compensated adequately in terms of money;

(4) Refusing amendment would in fact lead to injustice or lead to multiple litigation;

(5) Whether the proposed amendment constitutionally or fundamentally changes the nature and character of the case? and

(6) As a general rule, the court should decline amendments if a fresh suit on the amended claims would be barred by limitation on the date of application."

The learned Single Judge in the present case felt that the fundamental ground on which the suit is based would remain the same even if the proposed amendment is allowed- because both were premised on Colgate's use of the term "*All round*". This court is of the opinion that this was a rather

simplistic approach to the matter. The suit as framed complained that Colgate's description of the product was a problem, *but not as a trademark*. In other words, the complaint was that Colgate's highlighting that its toothpaste helped in *All around decay protection* trenched upon some vague undefined right that the plaintiff had in relation to the expression "*Allround*" protection. When the suit was filed, Anchor itself was facing several suits-preferred by Colgate. Anchor's action was curious – it did not say that Colgate passed off Anchor's products as their own but only that the description by which Colgate advertised its products was problematic for Anchor. Anchor significantly did not state a word about its pending claim for registration made in 2005 of the term "Allround" (the tenability of which we shall desist from commenting upon). Nor did it bring up ever in any pleading or document, for long after the registration was granted on 26.08.2008. It only disclosed the fact of registration during the hearing of the interim injunction application before the Court.

14. Where the learned Single Judge went wrong, in our opinion, was in assuming that since the cause of action or controversy involved remained in respect of use of the term "*Allround*"- which remained unchanged, no prejudice could be caused. But there is a world of difference between a claim to trade dress protection-not even passing off- where the defendant is alleged to be using certain words that can potentially be common to the trade, and an infringement action. The latter is based on a statutory right. If the plaintiff proves the essential prerequisites, i.e. deceptive similarity, infringement is presumed (Section 29 (3) of the Trademarks Act). Furthermore, infringement is also an offence punishable with fine or even a

prison term. Here the plaintiff Anchor's amended suit claims infringement right from the time of the application- i.e. 2005, entirely based on the registration granted in 2008. By not seeking leave at the earliest point in time, and choosing to remain silent, the plaintiff Anchor in fact allowed the time prescribed for claiming injunction - in respect of the period between 2008 and 2011 to lapse. The learned Single Judge's assumption that infringement is a continuing cause of action in this context is entirely inaccurate. An infringement action was well within the reasonable contemplation of the plaintiff, which deliberately slept over its rights and woke up after the normal time prescribed for infringement action ended. Furthermore, Anchor did not claim only permanent injunction in the suit (as originally framed) it even sought a hefty amount in damages (₹ 5 crores).

15. In the *Northern Railways* case (supra) the Supreme Court held that:

"Insofar as the principles which govern the question of granting or disallowing amendments under Order 6 Rule 17 C.P.C. (as it stood at the relevant time) are concerned, these are also well settled. Order 6 Rule 17 C.P.C. postulates amendment of pleadings at any stage of the proceedings. In Pirgonda Hongonda Patil Vs. Kalgonda Shidgonda Patil & Ors. which still holds the field, it was held that all amendments ought to be allowed which satisfy the two conditions: (a) of not working injustice to the other side, and (b) of being necessary for the purpose of determining the real questions in controversy between the parties. Amendments should be refused only where the other party cannot be placed in the same position as if the pleading had been originally correct, but the amendment would cause him an injury which could not be compensated in costs. (Also see: Gajanan Jaikishan Joshi Vs. Prabhakar Mohanlal Kalwar)"

16. This court is of the opinion that the learned Single Judge, for the foregoing reasons, fell into error in holding that no prejudice was caused by the amendment to Colgate's defense; it was so prejudiced by the alteration of the nature of the suit to one of infringement, which is fundamentally and radically different from the original cause of action on which Anchor's suit was premised.

17. The appeal is entitled to succeed; the amendments permitted to the plaint by the learned Single Judge shall not be part of the record; the consequential amendments to the written statement too compelled because of the impugned order, shall not be part of the record. The impugned judgment and order is set aside. The plaintiff-Anchor's application for amendment shall stand dismissed. In the circumstances, costs quantified at ₹ 75,000/- shall be paid by the plaintiff (Anchor) to the defendant/Appellant (Colgate), within four weeks. Parties shall be present before the learned Single Judge on the next date fixed in the suit, i.e. 16th December, 2015. The appeal FAO (OS) 131/2012 is allowed in the above terms.

S. RAVINDRA BHAT
(JUDGE)

DEEPA SHARMA
(JUDGE)

NOVEMBER 19, 2015