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

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Judgment Reserved on: 09th July, 2015

Judgment Delivered on: 01st December, 2015

+ **FAO(OS) 188/2015 & CM Nos.7017-7018/2015**

M/S KRBL LTD.

.... Petitioner

versus

LAL MAHAL LTD AND ANR

.... Respondents

Advocates who appeared in this case:

For the Petitioner : Mr Akhil Sibbal with Mr S.K.Bansal and Mr Ajay Amitabh Suman, advocates

For the Respondents : Mr Mohan Vidhani, Mr Sumit Aggarwal, Mr Rahul Vidhani, Mr Ashish Singh and Ms Purva Chugh, advocates

CORAM:-

HON'BLE MR JUSTICE BADAR DURREZ AHMED

HON'BLE MR JUSTICE SANJEEV SACHDEVA

JUDGMENT

SANJEEV SACHDEVA, J

1. The appellant impugns order dated 20.03.2015 whereby the application of the appellant under Order XXXIX Rules 1 & 2 of the Code of Civil Procedure (CPC) has been dismissed.

2. The appellant, who is the plaintiff, filed the suit for permanent injunction, restraining, infringement, passing off of the appellant's

mark “India Gate” by the respondent (defendant in the suit), who is using the mark “Church Gate”. The appellant in the suit claimed a decree of permanent injunction restraining the respondent from using the word/mark/label with the device of “Gate” alleging it to be deceptively similar to the word/mark/label of the appellant’s mark “India Gate” or the device of “India Gate” in relation to goods and processing of rice and allied/cognate goods.

3. As per the appellant, the predecessor of the appellant M/s Khushi Ram Bihari Lal adopted the mark “India Gate” with the device of “India Gate” and has been exporting rice to foreign countries since 1993 and has built up its reputation and goodwill over the years. The appellant applied for registration of its trade mark/label in class 30 on 19.03.1999 and the application is still pending. Various other applications for registration of the mark have been filed by the appellant. The appellant also claims to be the owner of the original art work of the device “India Gate” and the copyright involved in the same. The appellant claims to have spent a huge amount on the advertisement and, marketing and promotion of its mark “India Gate”.

4. As per the appellant, the respondents have adopted a deceptively similar mark/label “Church Gate” with the device of “Gate” in relation to its goods, i.e., sale of rice, which amounts to infringement of the trade mark/label of the appellant. As per the complaint, the appellant learnt about the respondent’s mark in the first

week of January, 2014 when the appellant came across the impugned goods of the respondents in the Delhi market. In the plaint, it is averred that the appellant learnt about respondent No.2's adoption of the mark "Church Gate" through the advertisement dated 28.07.2005 and the plaintiff filed the notice of opposition dated 12.08.2005 and the said opposition is pending. It is contended that the plaintiff, on filing the opposition, made enquiries and did not come across any of the vendible goods/articles of the defendant under the trade mark "Church Gate" and it was only in the first week of January, 2014, for the first time, that the appellant laid its hands on the impugned product under the impugned trade mark/label in the markets at Delhi. It is contended that the cause of action arose in first week of January, 2014 when the appellant, for the first time, came across the goods of respondents in the market. The appellant accordingly filed the present suit.

5. The respondent (the defendant in the subject suit), in the written statement, has raised several defences. It is contended that the two marks are not deceptively similar and the mark/label of the respondents is completely different from that of the appellant and there is no likelihood of any deception or confusion. It is further contended that the respondents are the prior adopters of the mark "Church Gate", having adopted the same in 1991, prior to the alleged adoption by the appellant of the mark "India Gate" in 1993. It is

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

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

7. The appellant has impugned the order dated 23.02.2015 contending that mere delay cannot be a ground for refusing an *ad*

interim injunction, more so, when the adoption of the mark by the respondent was dishonest. It is contended that there is no concealment or misrepresentation on the part of the appellant. It is contended that assuming though not admitting there was some concealment, every concealment would not disentitle the appellant from grant of injunction. It was only concealment which had a material bearing on the facts of the case that would disentitle the appellant. It is submitted that the alleged concealment is not material as delay cannot be a ground to deny injunction.

8. Reliance is placed by the appellant on the decision in the cases of **Hindustan Pencil Versus India Stationery AIR 1990 Delhi 19** to contend that delay cannot be a ground to defeat an action for grant of an injunction where the use of the mark is fraudulent and **Midas Hygiene Industries (P) Ltd Versus Sudhir Bhatia (2004) 3 SCC 90** to contend that in cases of infringement of trademark normally an injunction must follow and grant of an injunction also follows when *prima facie* it was established that the adoption of a mark was dishonest.

9. Coming to the facts of the present case, it may be noted that the mark of the plaintiff is not yet registered and it is a case of passing off and not of infringement of trademark. Since the present stage is only of the consideration of the application for grant of an ad-interim injunction, we have to only examine the facts and documents to see

whether a prima-facie is made out.

10. The learned Single Judge has noted that in the trade mark applications filed by the respondent before the Registrar of Trade Marks on 28.06.1999 and 25.10.2004, the respondent has clearly stated that the respondent is seeking registration of the trade mark “Church Gate” in respect of the rice, which mark he was using since 01.04.1991. Invoices and bills from April, 2004 to the year 2014 showing sales of “Church Gate” have been placed on record. The learned Single Judge has further noted that it is not a case of filing of stray documents but documents showing continuous user since April, 2004 to the year 2014 had been placed on record by the respondent. The learned Single Judge has prima facie negated the contention of the appellant that the documents are forged. The learned Single Judge has further noted that the respondent has filed documents showing placing of orders by Kendriya Bhandars (Government of India Undertakings) from December, 2007, continuously and also delivery to Kendriya Bhandars by the respondent. It has also been noted that the appellant itself was also supplying rice to Kendriya Bhandars during the period the respondent was supplying rice to the Kendriya Bhandars, which would go on to prima facie attribute knowledge to the appellant of the use of the impugned mark by the respondent at least since 2007. The learned Single Judge has prima facie found that the appellant was guilty not only of delay and laches but also of

misleading the Court by misstating the fact about no knowledge of availability the products of the respondent in the market.

11. The learned Single Judge has refused grant of injunction to the appellant and has dismissed the application as the learned Single Judge was of the view that not only has there been inordinate delay on the part of the appellant in approaching the Court but there also appears to be active concealment on the part of the appellant. Learned Single Judge has further noticed that the appellant has not contended that on account of the use of the impugned mark “Church Gate” by the respondent, there has been a dip in the sales or business of the appellant. The learned Single Judge found that the balance of convenience was not in favour of the appellant and it has not been able to make out a strong *prima facie* case in its favour. It has been held that irreparable loss and injury would be suffered by the respondent in case *ad interim* injunction were to be granted.

12. We may note that the user claimed by the respondents is since 1991 and in contrast, the user claimed by the appellant is since 1993 for exports outside the country and for sales in the Indian market since the year 2000. The appellant admittedly was aware of the mark of the respondents. The knowledge can safely be attributed to the appellant from the year 2005 when the appellant filed the notice of opposition with the registrar of trademarks opposing the application filed by the respondents. The respondents had contended before the registrar of

trademarks that they were using the mark since 1991. The plea of the appellant that till 2014, it did not find the goods of the defendant in the market, is not borne out from the record. On the other hand what is prima facie borne out from the record is that the respondents have been continuously using the mark since April 2004 till the filing of the documents and the written statement in this court. The respondents have placed on record several bills and invoices from April 2004 till 2014 to prima facie show continuous commercial user of its mark. One important factor is that both parties have been supplying through the same channels of suppliers. One such common supplier being the Kendriya Bhandars which is a government of India undertaking. Since both parties were supplying through Kendriya Bhandars, it can be presumed for a prima facie consideration that the appellants were aware of the existence of products bearing the mark of the respondents in the market. Further, it cannot at a prima facie stage be said that the documents pertaining to Kendriya Bhandars are forged or fabricated.

13. There is, prima facie, an inexplicable delay on the part of the appellant in approaching the court. Since the year 2005 for over 9 years the appellant has kept silent and allowed the respondents to continue with the use of the impugned mark unhindered. As per the respondents, their volume of sales is in thousands of crores. The plea of the appellant in its plaint *that the appellant learnt about the*

respondents' impugned trade mark/label in the 1st week of January, 2014 when the appellant came across the impugned goods of the appellants in the New Delhi market is prima facie not correct and as held by the learned single judge amounts to concealment and misrepresentation. Further the plea in the plaint that the appellant in the year 2005 immediately launched inquiries in the markets to ascertain the respondents impugned activities under the impugned trademark. The appellant at that point of time did not come across any of the vendible good/article of the respondents under the impugned trade mark in the market is prima facie not believable in view of the facts noted in the preceding paragraph about the bills and invoices of the respondents and the sales through common channels including Kendriya Bhandars by both the parties.

14. Further, we may note that the learned single judge has declined to exercise discretion in favour of the appellant. Grant of an ad-interim relief is a discretionary relief. In view of the facts as noted hereinabove, we are of the view that the refusal to exercise discretion by the learned does not call for any interference.

15. The reliance placed by the appellant on the decision in the cases of **Hindustan Pencil (supra)** and **Midas Hygiene Industries (P) Ltd (Supra)** is misplaced in as much as those were cases of infringement of registered trademark and the present is a case of passing off. Further it is also not prima facie borne out from the records that the

adoption of the mark by the respondents was dishonest.

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

17. In the present case, as noted above, there is delay on the part of the appellant of over 9 years in bringing the action against the respondents. The appellant has failed to sufficiently explain the delay on its part and on the other hand, the learned single judge has prima facie found that the explanation for the delay is not true and there is active concealment on the part of the appellant. The balance of convenience is in favour of the respondents as they have sales running into hundreds of crores.

18. We may also note that though the respondents have taken a plea that the rival marks and labels are not deceptively similar, the learned single judge has not examined this aspect as the learned single judge was of the view that the appellant is not entitled to grant of injunction on account of delay and active concealment. Since we are also of the view that the appellants are not entitled to an ad-interim injunction on these grounds, we are also not returning any finding on this aspect and are leaving the said issue open to be determined in the trial.

19. In view of the above, we are not inclined to interfere with the order of the learned single judge, declining to grant any injunction. However, to balance equities, we direct that the respondents shall keep account of all sales made by them under the impugned mark/label and furnish a half yearly statement before the learned single judge duly certified by their chartered accountant.

20. The appeal is dismissed and the pending applications are accordingly disposed of, leaving the parties to bear their own costs.

SANJEEV SACHDEVA, J.

BADAR DURREZ AHMED, J.

December 01, 2015

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