

Sequeira

*IN THE HIGH COURT OF JUDICATURE AT BOMBAY
CIVIL APPELLATE SIDE JURISDICTION*

*APPEAL FROM ORDER NO. 303 OF 2016.
Along with
APPEAL FROM ORDER NO. 304 OF 2016.
Along with
CIVIL APPLICATION (St.) NO. 32372 OF 2015*

Ms.Anahita Irani & anr. ... Appellants / Applicants

V/s.

Burger King Corporation. ... Respondent.

Mr.Abhijit Dilip Sarwate, for Appellants in both the Appeals and Applicants.

Mr.Himanshu Kane a/w Mr.Rahul Kadam and Mr.Nikhil Sharma i/b W.S.Kane & Co., for Respondent in both Appeals.

*Coram : N.M. Jamdar, J.
Tuesday 7 June, 2016.*

Oral Order :-

Both the Appeals and the Civil application have been argued together and are disposed of by this common order.

2. The Appeal from Order No.303 of 2016 challenges the order passed by the District Judge, Pune below Exhibit no.92 dated 11 August 2015 wherein the application filed by the Appellants for temporary injunction against the Respondent has been rejected.

3. The Appeal from Order No.304 of 2016 is filed by the Appellants challenging the order passed by the District Judge, Pune on 20 January 2012 allowing the application filed by the Respondent and granting an order of injunction against the Appellants. Since there is a delay of 1077 days in filing this Appeal, the Civil Application (Stamp) No.32372 of 2015 is filed for condonation of delay.

4. Both these Appeals arise from Suit No.2 of 2011 filed by the Respondent seeking an order of permanent injunction against the Appellants from using the trade mark '*Burger King*'. On 2 June 2009, the Respondent sent a notice to the Appellants calling upon the Appellants to stop using its registered trademark - *Burger King*. The Appellants replied to the notice on 3 July 2009. Thereafter on 3 January 2011, the present Suit was filed by the Respondent. Appellants filed the Written statement and the counter claim on 10 June 2011. In the counter claim the Appellants prayed that the Respondent be restrained from using the name *Burger King* for their restaurant services in the district Pune. An Application below Exhibit 5 was filed by the Respondent seeking an order of injunction. On the application filed by the Respondent an ad-interim injunction was granted by the learned District Judge, restraining the Appellants from using the trademark *Burger King*. On 20 January 2012, the application for temporary injunction below Exhibit 5 filed by the Respondent was allowed. Thereafter the Appellants filed an Appeal from Order bearing No.562 of 2012 in this Court. The learned Single Judge (S.C.Dharmadhikari, J.) did not interfere with the order for injunction passed and directed that the suit be disposed of expeditiously

on or before 31 October 2013. On 12 June 2013, issues were framed by the learned District Judge. On 30 July 2013, the Respondent submitted scanned copy of the evidence in-chief, since the witness was overseas. An application was made by the Appellants under section 124 of Trademarks Act 1999. The application was allowed by order dated 31 August 2013 and the suit was posted on 3 October 2013. The Appellants accordingly filed an application for cancellation of the trademark of the Respondent before the Intellectual Property Appellate Board. The hearing of the suit was stayed as per Section 124(1)(ii) of the Act. In view of this position, the suit has remained stayed. The Appellants filed an application for temporary injunction below Exhibit 92 on 8 April 2015. The learned District Judge by order dated 11 August 2015 rejected the application.

5. Accordingly, the Appellants have approached this Court by way of above mentioned two Appeals.

6. I have heard Mr. Abhijit Sarwate and Mr. Himanshu Kane, the learned counsel for the parties. The Appeal from Order no. 304 of 2016 is beyond time by 1077 days. The application taken out for condonation of delay therefore, will have to be taken up first. In the application it is stated by the Applicants that the delay has occurred in filing the Appeal because the Appellants were under the impression that the suit will be disposed of within the time stipulated by this Court and since the Respondent was not co-operating in early disposal of the suit and in view of the application filed before the Board there is no likelihood for the early disposal of the suit, it was found necessary to challenge the order

passed by the learned District Judge, on 20 January 2012.

7. The Appellants have sought to challenge the order of the District Court dated 20 January 2012 again by way of another appeal when challenge to the impugned order has already been dealt with by this Court by disposing of the Appeal on 6 December 2012. The order passed on 6 December 2012 in Appeal from Order No.562 of 2012 reads as under -

'1. Heard both sides.

2. It is stated that the suit itself is ready for hearing. In these circumstances, the learned Judge shall endeavour to dispose Regular Civil Suit No. 2 of 2011 as expeditiously as possible and by 31st October, 2013. All contentions of parties are kept open. It is clarified that the observations and findings recorded in the impugned order are tentative and prima facie and will not influence the court below while deciding the suit finally.

3. In the light of this, Appeal from Order and Civil Application are disposed off.'

By this order, this Court did not interfere in the impugned order which was challenged and only directed expeditious disposal of the suit. There is no liberty given by this Court to levy a fresh challenge to the impugned order if the suit is not disposed of within the stipulated period. In the circumstances another appeal challenging the same impugned order which has been dealt with by Appeal from Order No.562 of 2012, cannot be entertained. It is in this Appeal that the Application for delay has been taken out. Even otherwise the reason given for delay also is not cogent. The explanation given is that the suit has not been disposed of within the stipulated period and the Respondent is adopting delaying tactics which

is causing great prejudice to the Appellants. As it has been pointed out by Mr.Kane, that the disposal of the suit within the stipulated period is not because any delaying tactics by the Respondent but before the time stipulated by this Court was over the Appellants have filed an Application under Section 124 of the Act and have approached the appellate board. Section 124 reads thus -

'Section 124 in The Trade Marks Act, 1999

124. Stay of proceedings where the validity of registration of the trade mark is questioned, etc.—

(1) Where in any suit for infringement of a trade mark—

(a) the defendant pleads that registration of the plaintiff's trade mark is invalid; or

(b) the defendant raises a defence under clause (e) of sub-section (2) of section 30 and the plaintiff pleads the invalidity of registration of the defendant's trade mark, the court trying the suit (hereinafter referred to as the court), shall,—

(i) if any proceedings for rectification of the register in relation to the plaintiff's or defendant's trade mark are pending before the Registrar or the Appellate Board, stay the suit pending the final disposal of such proceedings;

(ii) if no such proceedings are pending and the court is satisfied that the plea regarding the invalidity of the registration of the plaintiff's or defendant's trade mark is prima facie tenable, raise an issue regarding the same and adjourn the case for a period of three months from the date of the framing of the issue in order to enable the party concerned to apply to the Appellate Board for rectification of the register.

(2) If the party concerned proves to the court that he has made any such application as is referred to in clause (b) (ii) of sub-section (1) within the time specified therein or within such extended time as the court may for sufficient cause allow, the trial of the suit shall stand stayed until the final disposal of the rectification proceedings.

(3) If no such application as aforesaid has been made within the time so specified or within such extended time as the court may allow, the issue as to the validity of the registration of the trade mark concerned shall be deemed to have been abandoned and the court shall proceed with the suit in regard to the other issues in the case.

(4) The final order made in any rectification proceedings referred to in sub-section (1) or sub-section (2) shall be binding upon the parties and the court shall dispose of the suit conformably to such order in so far as it relates to the issue as to the validity of the registration of the trade mark.

(5) The stay of a suit for the infringement of a trade mark under this section shall not preclude the court from making any interlocutory order (including any order granting an injunction directing account to be kept, appointing a receiver or attaching any property), during the period of the stay of the suit.

8. Section 124 provides that upon such an application made, if the Court is satisfied it will stay the proceedings of the suit. The Appellants have applied to the District Court for stay of the suit, which has been granted. Therefore, the suit could not be disposed of during the period stipulated by this Court. In the circumstances, even assuming the another Appeal is entertainable, the application does not disclose any cogent reason for condonation of delay of 1077 days. The application for condonation of delay not only is bereft of any cogent explanation but it proceeds to take advantage of a situation created by the Appellants themselves. In the circumstances the Civil Application (St.) No.32372 of 2015 cannot be entertained. As a consequence, the Appeal from Order No.304 of 2016 stands dismissed.

9. Appeal from Order No.303 of 2016 challenges the order passed by the learned District Judge refusing to grant an order of injunction in favour of the Appellants seeking to restrain the Respondent from using the trade mark *Burger King* for their restaurants in Pune and for any other restaurant that may come up in Pune Municipal Corporation limit. Mr.Sarwate, submitted that the impugned order proceeds solely on the basis of the rejection of the Appeal from Order No. 562 of 2012. He submitted that the cause of action, namely the restraint order against Respondent / Plaintiff is different than the cause of action involved in the earlier Appeal, namely order of injunction against the Appellants. He submitted that since the Respondents were trying to open a restaurant in Pune, order of injunction was sought. He submitted that the reasoning that the Respondent has been using the mark first in time in the world market is not the correct test and the correct test is use of the mark first in India. Mr.Sarwate, submitted that the decision of the Apex Court in the case of *Milment Oftho Industries Vs. Allegan Inc* – ¹, relied upon by learned District Judge has been distinguished by the Apex Court in the case of *Neon Laboratories Ltd. Vs. Medical Technologies* – ². He submitted that it is an admitted position that the Appellants are using the mark first in India. He submitted that since the Appellants are using the name *Burger King* since the year 1992 and has acquired substantial goodwill in so much as there is a street name after the restaurant. Both, the prima facie case and balance of convenience are in favour of the Appellants and an order of injunction ought to be granted.

1 - 2004 DGLS (Soft) 424

2 - (2016) 2 Supreme Court Cases 672

10. Mr.Kane, on the other hand submitted that the Respondent is in the world market since 1954 and has acquired substantial goodwill and the trade mark *Burger King* is famous all over the world. He submitted that it is inconceivable that general public will not know of the mark *Burger King* of the Respondent. He also submitted that the Apex Court in the case of *Neon Laboratories* has not deviated from the law laid down in the case of *Milment Oftho Industries*. He submitted that the full bench of this Court in the case of *Lupin Limited & anr. Vs. Johnson and Johnson & anr.*³ has also followed the same.

11. The Arguments of Mr.Sarwate that there is no reasoning in the impugned order cannot be accepted. The learned District Judge has referred to the position that the Respondents have been using the mark first in the world market and has gained the reputation in the world market and therefore irreparable loss will be cause to the Respondents if any injunction is granted. The position as of today therefore is that there is an injunction against the Appellants from the year 2012 and the challenge to grant of temporary injunction has been rejected by this Court. The Respondent has opened various restaurants all over India and also in Pune. Since the Appellants are restrained from using the name *Burger King* for last four years they are not using the name *Burger King*. Irreparable loss will be caused to the Respondents if any temporary injunction is granted at this stage. The finding of the learned District Judge therefore cannot be faulted.

3 - 2015 (61) PTC Reports 1[Bom] [FB]

12. As far as prima facie case is concerned, there cannot be any dispute that the test to be applied in the present case is of prior user. In the order passed on the application filed by the Respondent for grant of temporary injunction, the learned District Judge, in detail considered the factual position. The learned District Judge observed that the Respondents came into existence in 1954 and it is second largest fast food company in the world. It has registered the trademark *Burger King* under different classes. The learned District Judge also held that though the Respondent is not entitled to claim infringement of registered trademark is entitled to seek injunction on the basis of Passing Off. Thereafter the learned District Judge considered the factual matrix in respect of Passing Off action and the prior user in the world market of the Respondent and grant of an injunction in favour of the Respondent. When this order dated 20 January 2012 was challenged by the Appellants in Appeal from Order No.562 of 2012, the factual finding that the Respondent was a prior user was challenged and this Court did not interfere with the order dated 20 January 2012. The Appellant did not take their challenge further. Thus the order dated 20 January 2012, which recorded a prima facie finding that the Respondent are prior user, was confirmed by this Court. In spite of the learned District Judge clarifying that the case is restricted to Passing Off action and this Court directing early disposal of the suit, the Appellants have chosen to approach the Board and get their own suit stayed. This conduct of the Appellants will have to be taken note of while considering their claim for grant of equitable relief of injunction.

13. The argument of Mr.Sarwate is that prior user should be in India and not prior user world wide. The submission cannot be accepted because of the dismissal of the earlier Appeal from Order. Even assuming it arises for consideration again, there is no merit in the contention. In the case of *Milment Oftho Industries* the Apex Court observed thus -

'8. We are in full agreement with what has been laid down by this Court. Whilst considering the possibility of likelihood of deception or confusion, in present times and particularly in the field of medicines, the Courts must also keep in mind the fact that nowadays the field of medicine is of an international character. The Court has to keep in mind the possibility that with the passage of time, some conflict may occur between the use of the mark by the Applicant in India and the user by the overseas company. The Court must ensure that public interest is in no way imperiled. Doctors particularly eminent doctors, medical practitioners and persons or Companies connected with medical field keep abreast of latest developments in medicine and preparations worldwide. Medical literature is freely available in this country. Doctors, medical practitioners and persons connected with the medical field regularly attend medical conferences, symposiums, lectures etc. It must also be remembered that nowadays goods are widely advertised in newspapers, periodicals, magazines and other media which is available in the country. This results in a product acquiring a worldwide reputation. Thus, if a mark in respect of a drug is associated with the Respondents worldwide it would lead to an anomalous situation if an identical mark in respect of a similar drug is allowed to be sold in India. However one note of caution must be expressed. Multinational corporations, who have no intention of coming to India or introducing their product in India should not be allowed to throttle an Indian Company by not permitting it to sell a product in India, if the Indian Company has genuinely adopted the mark and developed the product and is first in the market. Thus the ultimate test should be who is first in the market'.

14. The full bench of this Court in *Lupin Limited* - ³ referred to the case of *Milment Oftho Industries* in paragraph 41 and observed as under-

'42. We are in agreement with the view expressed by the learned Single Judge in the order of reference that if the defence of prior user can be a good defence in passing-off action as held in *Milment Oftho Industries v. Allergen Inc.* (*supra*), there is no reason why it should not be available as a defence in an infringement action where the Defendant is able to show fraudulent nature of the registration of the Plaintiff's trade mark. As observed by the Supreme Court in *Milment Oftho Industries's* case, the Court must keep in mind the fact that now-a-days, the field of medicine is of an international character. Doctors, particularly eminent Doctors, medical practitioners and persons or Companies connected with medical field keep abreast of latest developments in medicine preparations worldwide. Medical literature is freely available in this country. Doctors and medical practitioners and persons connected with the medical field regularly attend medical conferences, symposiums, lectures, etc. Goods are widely advertised in newspapers, periodicals, magazines, and on the internet. This results in a product acquiring a worldwide reputation in a very short time. If the trade mark in respect of a medicine is associated with the Defendant worldwide, it would lead to an anomalous situation if an identical mark in respect of a similar medicine is allowed to be sold in India only on the ground that the Plaintiff got it registered in India first. The ultimate test should be who is first in the market.

These decisions are clear on this point.

15. In the case of *Neon Laboratories*, which has been relied upon by the learned counsel for the Appellants the dicta laid down by the Apex

3 - 2015(61) PTC Reports 1[Bom] [FB]

Court the test will be of a world wide prior user, has not been specifically deviated from. Firstly, as pointed out by Mr.Kane, the case of Neon Laboratories arose from user in India, secondly, the case of *Milment Oftho Industries* was sought to be distinguished in *Neon Laboratories* on the ground that it related to a user first in market world wide. This argument has been dealt with by the Apex Court holding that merely because the case of *Milment Oftho Industries* arose from a party acquiring world wide reputation the principle cannot be said to be not applicable in case of Indian users. In the circumstances, argument advanced by Mr.Sarwate relying on the decision of *Neon Laboratories* will not take the case of the Appellants any further.

16. Even otherwise, on the same factual matrix, that the Respondent is prior user in world market, an injunction has been granted in favour of the Respondent which is confirmed by this Court by not interfering with the order. It is to be noted that the Appellants had taken a specific ground that the prior user in India is material in the markets and it has been their specific case in the earlier round of litigation.

17. Therefore, both prima facie case as well as balance of convenience are not in favour of Appellants for grant of any injunction. There is no perversity in the view taken by learned District Judge in refusing injunction to the Appellants. The Apex Court in the case of *Wander Ltd. Antox India (P) Ltd.* - ⁴ which arose from the injunction orders regarding trademarks has laid down the principles regarding interference by the appellate Court in the discretionary orders passed by the trial Court. The

4 - 1991(11) PTC 1(SC)

scope of such challenge is narrow. The Appellants have not been able to bring the challenge within this narrow ambit. In the circumstances, the impugned order cannot be interfered with. The Appeal from Order No. 303 of 2016 is accordingly dismissed. Civil Application (St.) No.32372 of 2015 is rejected. As a consequence Appeal from Order No.303 of 2016 stands dismissed.

(N.M. Jamdar, J.)