Atul

IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
NOTICE OF MOTION NO. 678 OF 2013
IN
SUIT NO. 219 OF 2013

Prime Spirits ...Plaintiff
Versus
Master Blender Private Limited ...Defendant

Dr. Veerendra Tulzapurkar, Senior Advocate, *with Mr. Sandip Parikh & Mr. Hemang Engineer, i/b M/s. Gordhandas & Fozdar, for the Plaintiff.*
Mr. Rashmin Khandekar, *with Ms. Gitika Khanchandani, i/b Mr. A.Z. Mookhtiar, for the Defendant.*

CORAM: G.S. PATEL, J
DATED: 29th March 2016

PC:-

1. This order will dispose of the Plaintiff's Notice of Motion for injunctions and a Receiver. The suit is an action in copyright infringement combined with a cause of action in passing off in relation to an unregistered mark.

2. The trial in the suit has commenced. I understand that the Plaintiff's first witness has already been cross-examined. A further witness on behalf of the Plaintiff is yet to file his evidence. Dr.

Tulzapurkar for the Plaintiff fairly states that as regards the relief in copyright infringement, this can and must necessarily be deferred to the trial. He confines himself, therefore, at this stage to the relief in passing off.

3. It is perhaps appropriate to begin with a comparison of the two rival marks. Both are labels said to have been used on whisky bottles, though the Defendant contests the Plaintiff's claim of any user at all. The Plaintiff's mark is shown at Exhibit "A".[1] This has the words "**Prestige Club**" in a cursive font set at an angle on a black background. The label's top and bottom borders are of a dull gold colour. Below the words '**Prestige Club**' are the words '**SUPERIOR GRAIN**', shown in capitals. Below those, in yet another cursive font, is the word '**Whisky**'. All these words, i.e., the '**Prestige Club**', '**SUPERIOR GRAIN**' and '**Whisky**' are in white. The words '**Prestige Club**' seem to have a gold border or outline. Across the middle of this label is a photograph of a horse race: two galloping steeds with jockeys astride. There is other text in dull gold on a black background toward the bottom third of the label, but the font here is too small to be decipherable.

4. The Defendant's label is at Exhibit 'B'.[2] It uses the words '**Prestige Life**'. These are also in a cursive font. They too are in white with a gold border or outline. Below we find the word '**DELUXE**' in capitals in white, and beneath that, the word '**Whisky**' in yet another cursive font in white. This label is bordered in gold on all four sides. It, too, has a pictorial image of a

---

1 Plaint, *p.* 22

2 Plaint, *p.* 37

horse race across the middle, but this image is somewhat different from the one used by the Plaintiff: it shows many more horses, for one thing. The font used in '**Prestige Life**' is slightly, but not immediately obviously, different from the one used by the Plaintiff. The other possible point of distinction in the Defendant's label is that it has a small green-dot sticker to the left. This is presumably meant to indicate that the extolled beverage is 'vegetarian'. It is perhaps prudent to let that pass.

5. Dr. Tulzapurkar's case for the Plaintiff runs thus: he says that the Plaintiff conceived its mark and had its label designed in April 2009. Within a month, the Plaintiff obtained excise permissions and began using the mark. In order to evidence this, he refers first to an Affidavit of one Mr. Sunil Shamlal Nanwani,[3] supposedly the person who developed the label's artwork for the Plaintiff. Nanwani says that he rendered these artworks with and for the '**Prestige Club**' label, and that he is the proprietor of M/s. Point Graphics. Whether this is sufficient to establish copyright is a separate matter that must await trial. What is of relevance, however, is that Nanwani says that he prepared this label on 11th December 2008.

6. That the Plaintiff began use of its label in 2009 cannot, Dr. Tulzapurkar says, be controverted because not only is there sufficient material in the form of sales registers annexed to the plaint from pages 26 to 36 with dates that range between 19th November 2009 to 30th November 2012,[4] but there is also evidence

3 Motion paperbook, *p.* 214

4 Plaint, *pp.* 26-36.

that the Plaintiff received its own excise permissions in respect of its label as far back as on 29th May 2009.[5] Relying on the elaborate and erudite decision of Shah J (as he then was) in *Consolidated Foods Corporation v Brandon and Co., Private Limited*,[6] Dr. Tulzapurkar submits that it is settled law that 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 longevity of such user or the extent of his trade. The trader who adopts the mark is entitled to protection as soon as the article, having assumed 'a vendible character', is launched in the market. Dr. Tulzapurkar submits that the excise licenses gave the Plaintiff's products the necessary vendible character; and the moment the Plaintiff began using the label in connection with its products, the Plaintiff acquired sufficient common law rights to afford it protection from an illicit competitor in a passing off action.

7. As to actual use, Dr. Tulzapurkar says the Plaintiff has a bottling agreement with one Ambar Distilleries of 16th April 2009.[7] This was renewed subsequently in April 2011.[8] On the other hand, the Defendant, Dr. Tulzapurkar submits, cannot prove any use at all prior to or even around this date. All that the Defendant has produced is a bill dated 16th April 2009 from one Sevenart Design Studio.[9] This bill is supposed to show that this studio had developed the Defendant's '**Prestige Life**' Whisky labels. The bill is supported by an Affidavit of one Milind Hegishte, the proprietor

---

5 Motion paperbook, *pp.* 242-246.

6 AIR 1965 Bom 35.

7 Motion paperbook, *pp.* 219-228.

8 Motion paperbook, *pp.* 229-241.

9 Motion paperbook, *p.* 51.

of Sevenart Design Studio, stating that in April 2009 the label was created for the Defendant.[10] Dr. Tulzapurkar assails this as being inconclusive. In itself, he submits, this does not establish any use as of that date, or of the Defendant's products having acquired any vendible character; for, from these documents, it is unclear which particular label is being spoken of. This assumes significance, Dr. Tulzapurkar says, because admittedly and demonstrably the Defendant's excise permissions were not applied for or obtained till at least July 2012. The Defendant's excise application and permission is dated 7th July 2012.[11] There is another approval granted on 24th September 2012.[12] Consequently, Dr. Tulzapurkar submits that whatever be the value of the Defendant's artist's bill and Affidavit, there is no evidence of the Defendant's use of its label at any point before September 2012. Even the sales figures certified by the Defendant's Accountants are only from September 2012 onwards.[13] Similarly, the invoices produced by the Defendant are all from September 2012 onward.[14]

8. As to the similarity, structural, visual and phonetic between the two labels, Dr. Tulzapurkar submits that there can be no doubt. There is not only a likelihood of confusion and deception but there is active misrepresentation involved in the manner, get up and lay out of the Defendant's marks. It cannot be accident, Dr. Tulzapurkar submits, that three years after the Plaintiff entered the market, the Defendant began using a label so very closely

10 Motion paperbook, *pp.* 52-53A.
11 Motion paperbook, *pp.* 53-55.
12 Motion paperbook, *pp.* 56-58.
13 Motion paperbook, *p.*59.
14 Motion paperbook, *pp.* 60-85.

resembling to that of the Plaintiff. The substitution of 'Life' for 'Club' is irrelevant; very nearly the same expression is used as the prominent feature, and no person would readily be able to tell 'Prestige Club' from 'Prestige Life', particularly when the rest of the label's artwork, colour scheme and get up is so similar to that of the Plaintiff: more or less the same fonts, a very similar image, the same position of the 'Prestige' phrase and so on. The goodwill in the Plaintiff's mark is also, in his submission, sufficiently established by the sales registers.

9. All this is very nice, Mr. Khandekar for the Defendant says in response, and it might have actually meant something but for two critical and fatal flaws in the Plaintiff's case: it has no copyright; and, despite multiple opportunities, it has produced no evidence sufficient even for a *prima facie* case let alone such as might withstand a cross-examination, of ever having used the label. The argument regarding copyright needs only to be noted, though it is not strictly necessary to enter into this controversy given Dr. Tulzapurkar's previous statement. What Mr. Khandekar says that even from the limited cross-examination that has already taken place, it is not at all clear that the Plaintiff is in fact the first owner of copyright as it claims in the Plaint.[15] Nanwani's Affidavit does not show which label was made. In any case, the Plaint itself says that an artist (presumably Nanwani) was 'appointed' to design a label. There is no mention of any assignment from Nanwani to the Plaintiff, and since the Plaintiff does not fall within provisos (a), (b) or (c) to Section 17 of the Copyright Act, 1957, without a written assignment as required by Sections 18 and 19, the Plaintiff cannot

15 Plaint, paragraph 5, *p.* 3.

be said to have acquired any copyright in the label at all. It may yet seek to establish this at the trial, Mr. Khandekar says, and I think he is right, but at this stage there is nothing at all to show any subsisting copyright.

10. On the issue of passing off, Mr. Khandekar submits that there is nothing at all to evidence the Plaintiff's presence in the market from 2009. The only material produced, he points out, are the sales registers. These are only numbers. They do not describe any particular label or any particular product. What they do mention is the name of a customer or a set of customers. The fact that one of the principal customers seems to have the name *Prestige* is no evidence at all of the use of the '**Prestige Club**' label. It is impossible to conclude from these figures that what was in use was the label at Exhibit "A" over which protection is sought.

11. There is also, in his submission, a very considerable doubt about the bottling agreement that is produced by the Plaintiff. This is put forward only very late in the day. These documents have not yet passed scrutiny in cross-examination. The renewed agreement of 1st April 2011 is shrouded in doubt: there are additions and alterations to it and it is not at all clear from these documents that the Plaintiff is in fact a manufacturer or distiller or used these very labels over which protection is now sought.

12. As to the question of the competing excise licenses, Mr. Khandekar does not dispute that his client's licenses are indeed of 2012. He says that the Defendant began use in 2012. But he says that there is no material to show that by that time the Plaintiff was already in the market. He points, for example, to the Plaintiff's own excise permissions, to which I have already referred. The earliest of this, he points out, is of 29th May 2009,[16] but this at best might show the acquisition of a vendible character, not actual vending. The Plaintiff seems to have obtained labels a month in advance, apparently in anticipation of receiving the excise license. Therefore, reliance is placed on invoices of April 2009 and one of August 2009[17] for delivery of some labels from a printer.[18] Even these, Mr. Khandekar submits, has not yet passed the test of scrutiny in trial. They are among the documents that will require to be proved by the Plaintiff. There is no direct correlation between these bills and the Plaintiff's label.

13. When Mr. Khandekar says that the Plaintiff's case is like some 'official' statistic — what it discloses is merely interesting, but what is conceals is vital — I think he may have a point. There is absolutely no evidence, he says, in the form of invoices for goods sold under the Plaintiff's allegedly protected label. This is inconceivable. If the Plaintiff did have the kind of sales it claims, it would surely be able to marshall material to show those sales. The Defendant has raised this squarely in its Written Statement and in its various Affidavits. In response, though it has filed several Affidavits, the Plaintiff has not placed any cogent material. All that is shows is unverified sales registers; Nanwani's Affidavit, one that raises more questions than it answers; excise licenses that do not *per se* establish sales; and two bottling agreements of the most dubious character. At least one of these agreements, the one

16 Motion paperbook, *pp.* 242-245.

17 Motion paperbook, *pp.* 216-217.

18 Motion paperbook, *p.* 218.

allegedly in renewal, has the most inexplicable features:[19] it has a white ink effacing for the date, and a handwritten insertion of an effective date of 1st April 2011; but it is on stamp paper of 13th March 2012. Yet it says it was executed on the date, month and year 'first hereinabove written'. If that is supposed to mean 1st April 2011, then the entire agreement is suspect. If some other date is intended, then the agreement requires an explanation that is nowhere to be found.[20]

14. Given this material, Mr. Khandekar commends caution. The suit is, he says, already under trial. Some progress has been made. There is no call today to disturb the *status quo* and to grant an injunction. Not having obtained any order to this date, the burden on the Plaintiff must be that much greater to establish that there is today so emergent a situation that unless reliefs are immediately granted, irreparable and irreversible prejudice will be caused to the Plaintiff. Nothing on record, Mr. Khandekar says and I think correctly, points in that direction. There is no material placed before me to show any such "clear and present danger".

15. Mr. Khandekar relies on the decision of the Supreme Court in *Uniply Industries Limited v Unicorn Plywood Private Limited & Others*.[21] Here too, the Court was concerned with the evidentiary

---

[19] Motion paperbook, *pp.* 229-241.

[20] I propose to ignore Ex. "G" at page 248 of the Motion paperbook. This is supposedly an affidavit from Amber Distilleries, but the copy produced is unverified and unsigned and obviously incomplete. It is also no earlier than 2013, and was clearly obtained to establish the non-exclusivity of some arrangement between the Plaintiff and Amber, and nothing further. The state of the Affidavit, however, is such as to make it most unreliable.

[21] 2001 (21) PTC 417 (SC)

material required to be assessed while considering an application for an injunction. In paragraphs 8 and 9, the Supreme Court said:

> "8. So far as the invoices are concerned, it is not very clear from the same that they were in relation to goods containing the trade marks in question because there is no mention of any particular trade mark in the same and may be they pertain to such goods, but this is a fact which is yet to be established by placing proper material before the court. So far as the declarations made before the excise authorities are concerned, the High Court itself found the material to be dubious. The letters issued by the dealers are both in favour of the Appellant and the Respondents. In this state of materials the courts below should have been wary and cautious in granting an injunction which would affect the trade and business of another person using an identical trade mark. Both the Appellant and the Respondents have applied for registration of their respective trade marks before the Registrar under the Trade and Merchandise marks Act, 1958 and the respective rights of the parties will have to be investigated by the Registrar and appropriate registration granted to either of them or both of them, as the case may be, bearing in mind the provisions of Section 12(3) of the Trade and Merchandise Marks Act, 1958. There are many precedents to the effect that for inherently distinctive marks ownership is governed by

the priority of use of such marks. The first user in the sale of goods or service is the owner and senior user. These marks are given legal protection against infringement immediately upon adoption and use in trade if two companies make use of the same trade mark and the gist of passing off in relation to goodwill and reputation to goods.

9. Some courts indicate that even prior small sales of goods with the mark are sufficient to establish priority. The test being to determine continuous prior user and the volume of sale or the degree of familiarity of the public with the mark. Bona fide test of marketing, promotional gifts and experimental sales in small volume may be sufficient to establish a continuous prior use of the mark. But on some other occasions courts have classified small sales volume as so small and inconsequential for priority purposes. Therefore, these facts will have to be thrashed out at the trial and at the state of grant of temporary injunction a strong prima facie case will have to be established. It has also to be borne in mind whether the Appellant had also honestly and concurrently used the trade marks or there are other special circumstances arising in the matter. The courts below have merely looked at what the prima facie case is and tried to decide the matter without considering the various other aspects arising in the

> matter. Therefore, we think, the appropriate order to be made is that injunction either in the favour of the Appellant or against them or vice-versa is not appropriate and the proceedings in the suit shall be conducted as expeditiously as possible or the Registrar under the Trade and Merchandise Marks Act, 1958 may decide the matter which may govern the rights of the parties."

16. Mr. Khandekar also relies on the decision of this Court in *eXEGESIS Infotech (India) Private Limited & Anr. v Medimanage Insurance Broking Private Limited*[22] in which S.C. Gupte J. *inter alia* held that where there is a debatable case of copyright ownership, an injunction is not always readily granted for the asking. Some of these matters will undoubtedly have to wait trial.

17. Mr. Khandekar is also correct in relying on the decision of *Gujarat Bott*ling Company Limited & Others v *Coca Cola Company & Ors.*[23] to say that he who approaches Court for an equitable relief must come with clean hands. There can be no disputing that principle. However, *Gujarat Bottling* is also important from another perspective, and this is its pronouncement on the various probanda required in determining whether an injunction should or should not be granted. Where a Court's equitable discretion is invited, the first test is to see whether a sufficiently strong *prima facie* case is made out. In this case, I do not think it is fair on this material to conclude that it has. One must then assess the balance of convenience, and here again I do not find in the papers before me such weight of

[22] 2015 (63) PTC 612 [Bom]

[23] (1995) 5 SCC 545

material as would persuade me to hold for the Plaintiff. Questions of possible prejudice and, equally possible reparations at the final hearing of the Suit must also be weighed. For the third of these, the question of irreparable injury means, necessarily, that unless the injunction is granted the damage likely to ensue to the Plaintiff is so considerable that even a final award of monetary damages may not be sufficient restitution. This could, for instance, be an assessment of likely damage to reputation or goodwill for, in any such case, an award of monetary damages is always only an estimate. That these three tests are essential is now well settled.[24]

18. In my view, Mr. Khandekar is fully justified in his submissions. I have the greatest difficulty at this stage in accepting straight away as an established fact that the Plaintiff had entered the market. It is true that the Plaintiff had an excise license. It is perhaps also true that it got printed some labels. But if it had in fact used these labels on products I expected, if not in the plaint, then at least in the papers in Notice of Motion which already has Affidavits running to nearly 250 pages, some more cogent and solid evidence by way of invoices, statements from stockists, dealers and so on. Of this, I find none. I am also mindful of the fact that the trial in this matter has progressed and that the Plaintiff's first witness has already been cross-examined. It is, of course, too early at this stage to pronounce on the quality of that evidence. Yet, granting an injunction at this stage would, in my view, so alter the balance of this suit and of the trial, that the final outcome might considerably be prejudiced. I must hold against the Plaintiff both on all three

[24] *Hindustan Petroleum Corporation Limited v Sri Sriman Narayan & Anr*, AIR 2002 SC 598; *Gujarat Bottling* (*supra*); *Dorab Cawasji Warden v Coomi Sorab Warden & Ors*, AIR 1990 SC 867

questions: a *prima facie* case, the balance of convenience and the likelihood of irreparable injury.

19. The Notice of Motion is therefore dismissed. There will be no order as to costs.

(G. S. PATEL, J.)