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IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
NOTICE OF MOTION NO. 1233 OF 2009
IN
SUIT NO. 815 OF 2009

PALM GROVE BEACH HOTELS PVT. LTD.

a private limited company incorporated under the
Companies Act, 1956 having its registered office
at Ramada Plaza Palm Grove, Juhu Beach,
Mumbai – 400 049

... Plaintiffs

versus

ROYAL PALMS (INDIA) PVT. LTD.,

a Company registered under the Companies Act,
1956, having its registered office at 169, Aarey
Milk Colony, Goregaon (E),
Mumbai – 400 065

... Defendants

APPEARANCES

FOR THE PLAINTIFFS **Mr. R. M. Kadam, Senior Advocate,**
with Mr. Chetan Kapadia, Mr.
Mayur Khandeparkar & Mr. Rahul
Kadam, i/b K.D. Abhichandani.

FOR THE DEFENDANTS **Mr. Sandeep Parikh, with Nidhi Singh,**
i/b M/s. India Law Alliance

CORAM : **G.S.Patel, J.**
JUDGMENT RESERVED ON : **30th September 2015**
JUDGMENT PRONOUNCED ON : **18th April 2016**
JUDGMENT:

1. The Plaintiff owns and operates a hotel in Mumbai's north-west beachfront suburb, Juhu. The Defendants own and operate the Palms Hotel at Goregaon, some 16 or 17 kms inland to the east. The two hotels are very different. The Plaintiff's establishment, one that has for some time been in a tie-up with the Ramada chain, does not pretend to be more than mid-range. The Defendants' enterprise is far more ambitious, a five-star deluxe hotel that sits by a sprawling golf course, separately managed and run, called the Royal Palms. Mr. Kadam for the Plaintiffs does not, in fairness, dispute this difference when he makes his application for an injunction in trade mark infringement and passing off. He says, instead, that visitors to the Defendants' establishment would be cast into a state of 'wonderment', and be led to believe that theirs is an upmarket (and decidedly shinier) venture by the Plaintiff. Mr. Parikh for the Defendants says there is no possibility of anyone, even one of less than average intellect and the most imperfect recollection, being struck by any such wonderment at all, though a visitor to his clients' hotel might indeed marvel at its grandeur and elegance. The two hotels are entirely different, the marks in question are different and distinguishable, and none could possibly mistake one for the other. There are many other factors that militate against granting the Plaintiff relief, Mr. Parikh says, not least of which is that the Plaintiff does not ever seem to have used the moniker "Palm Grove" or "Palm Grove Hotel" on its own, but always only ever in a tie-up with another chain. There is, therefore, according to him, no reputation, standing or goodwill merely in "Palm Grove". The registrations of which Mr. Kadam speaks also do not lend themselves to the kind of sweeping injunction sought. In addition, the Plaintiff's conduct disentitles it to any interim relief. There is delay; most certainly acquiescence; and even abandonment. The Defendants are prior users as well. The Defendants also have a

registration, albeit in another class, viz., Class 28; their application for registration in Class 42 is pending because of the Plaintiff's opposition.

2. Having heard both Mr. Kadam and Mr. Parikh at some length, and having considered their submissions, the material on record and the precedents cited on both sides, I am not persuaded that the injunction Mr. Kadam seeks should be granted. It is enough, as I have noted at the end of this judgment, to direct the Defendants to maintain accounts. There is good precedent for this. In the facts of this case, I believe it to be the only possible course at this interim stage on a *prima facie* assessment.

3. The Plaintiff was incorporated in 1979. It is part of the K. Raheja Group. It started operations, it says, in October 1981. The Plaintiff sets out some details of its sales and expenses for 1982-1986. I do not think there is any dispute about this. A few years later, in 1987, the Plaintiff entered into an agreement with Ramada UK Ltd. The name of the Plaintiff's hotel was changed to 'Ramada Inn Palm Grove Hotel'. Again, details of sales and expenses following this agreement are set out in the Plaintiff. In February 1993, the hotel changed its name again to 'Ramada Hotel Palm Grove'. Yet another change followed in July 2002, to 'Ramada Plaza Palm Grove'. The Plaintiff claims that in 2002 it also acquired a stake in a Chennai-based chain to set up a new hotel to be named 'Hotel Palm Chennai'.¹ It seems that a hotel was indeed set up, but as the Marriot Courtyard or the Marriot Chennai.

1 Exhibit "F" to the Plaintiff, pp. 51-58, has copies of recruitment advertisements.

4. On 23rd August 2004, the Plaintiff obtained registration of a device mark, 'Palm Hotel' in Class 35, registration number 1304175, claiming user from 30th April 2003.² The mark 'Palm Hotel' was also registered in Class 42 (under number 1304174), with user claimed from the same date.³ On 7th October 2004, the Plaintiff obtained further registration of a device mark 'Ramada Plaza Palm Grove' with a stylized 'R' device, under number 1313742 with user claimed from 1st December 1981.⁴ Two years later, on 7th September 2006, the Plaintiff obtained registration (number 1485204) of a device mark 'Palm Grove Juhu-Mumbai', also in Class 35 with user claimed from 1st December 1981.⁵

5. The Plaintiff says in May 2008, it chanced on the Defendants' advertisements for its 'Palm Hotel' at Goregaon.⁶ The Plaintiff, through its attorneys, sent a cease and desist notice to the Defendants.⁷ A temporary or 'holding' reply followed from a law firm acting for the Defendants (M/s Mulla & Mulla, Craigie, Blunt & Caroe) in response on 13th June 2008, with a general denial.⁸ On 20th June 2008, the Plaintiff's attorneys sent copies of its trade mark registrations in Classes 35 and 42 to the Defendant.⁹ A few days later, on 25th June 2008, another firm of attorneys (M/s

2 Legal proceedings certificate: Plaintiff, Ex. "C", *p.* 45.

3 Legal proceedings certificate: Plaintiff, Ex. "D", *p.* 47.

4 Legal proceedings certificate: Plaintiff, Ex. "E", *p.* 49. This was subject to a limitation or disclaimer regarding the use of the letters RR except as shown in the label. There is no claim in infringement in respect of this mark.

5 Legal proceedings certificate: Plaintiff, Ex. "B", *p.* 42. Again subject to a minor disclaimer regarding the words 'Juhu Mumbai'.

6 Plaintiff, Ex. "H", *pp.* 60-62.

7 Plaintiff, Ex. "I", *pp.* 63-65.

8 Plaintiff, Ex. "J", *p.* 66.

9 Plaintiff, Ex. "K", *p.* 67.

Legasis Partners) acting for the Defendants replied, saying that the Defendants were prior users and proprietors of the mark ‘Palms’, and that they had registration of the mark ‘Royal Palms’ in Class 28 (Registration No.628799).¹⁰ In this letter, the Defendants also said they had applied for registration of the mark ‘Palms Hotel’ in Classes 41 and 42 and that these applications were pending; and that ‘Palms’ was a prominent feature of these marks. In these applications, the Defendants claimed use of ‘Royal Palms’ since 1st March 2009. On 2nd July 2008, the Plaintiff’s attorneys wrote to M/s Legasis Partners asking with which firm they should correspond, and again demanding compliance.¹¹ Nothing seems to have happened immediately thereafter, and it was not until 2nd and 3rd March 2009 that the Plaintiff’s attorneys issued public caution notices asserting the Plaintiff’s trade mark rights.¹² This suit was filed on 16th March 2009. The Plaintiff sought ad-interim reliefs but, as so often happens, it was agreed that the Motion should be taken up for final hearing, and, by an order dated 14th July 2009, it was set down for final disposal after three weeks.

6. Before I proceed, I should note the differences in these classes of the Fourth Schedule to the Trade Mark Rules, 2002. Classes 35 and 42 are service classes that relate to advertising, business management and so on, and to providing food, drink, temporary accommodation, etc., respectively. Class 41 is a service class relating to education, entertainment and sports. Class 28 relates to games, playthings, gymnastic and sporting articles.¹³

¹⁰ Plaint, Ex. “L”, *pp.* 68-70.

¹¹ Plaint, Ex. “M”, *p.* 71.

¹² Plaint, Ex. “N”, *pp.* 72-73.

¹³ And, for some baffling reason, decorations for Christmas trees.

7. Mr. Kadam's submission is that since the Plaintiff is a registered proprietor, with a registration for 'Palm Hotel', and since the Defendants' application is for 'Palms Hotel', this is, therefore, a straightforward case of infringement. The Plaintiff is entitled to exclusivity within its registration class. The only possible answer is if the Defendants show that their use is prior to the Plaintiff's registration; but that is impossible, for by their own admission, they commenced use of 'Palms Hotel' only in February 2008.¹⁴ The Defendants' existing registration is only for sports goods, etc., not for a hotel.

8. To the Defendants' claim that the Plaintiff has 'abandoned' its mark(s), Mr. Kadam's answer is that there is no such abandonment at all, at least not within the meaning of Section 47 of the Trade Marks Act, 1999. To succeed in this defence, the Defendants must show that the Plaintiff's registration is without *bona fide* intention of use, or that there has been no *bona fide* use. The burden lies heavy on he who sets up abandonment as a defence. This is not something that can be inferred; it must be proved. The Defendants must satisfy the tests set out by the Supreme Court *Hardie Trading Ltd v Addisons Paint & Chemicals Ltd.*;¹⁵ specifically, the distinction between an intention to abandon and an intention to use. Mr. Kadam also relies on two decisions from Singapore. The first is that of a Single Judge in *Pontiac Marina Pte Ltd v CDL Hotels International Ltd.*¹⁶ The plaintiff was the developer of an expensive complex that included two hotels, two office blocks and a shopping mall to be named Millenia; one of the

14 Notice of Motion paperbook, Affidavit in Reply, para 25, *pp.* 83-84

15 (2003) 11 SCC 92. This was under the 1958 Act. Section 46 of that Act corresponds to Section 47 of the 1999 Act.

16 [1997] FSR 725

hotels was to be called the ‘Ritz-Carlton, Millenia Singapore’. The defendant owned several hotels in different parts of the world, including four in Singapore alone. It filed a service mark application for the word ‘Millenium’ and then launched in Singapore its ‘Millenium Hotels & Resorts’ as part of its global brand, linking an international chain of 55 hotels. Meanwhile, the plaintiff issued a cease and desist request. On what appears to be a considerable body of evidence led, the Court held that given the obvious phonetic and structural similarity between the two names, confusion was likely and the public would not be concerned with who owned the Ritz-Carlton Millenia Singapore; the common man would automatically associate it with the Millenium Hotels. The decision was upheld in Appeal.¹⁷ It is for this reason that Mr. Kadam submits that a visitor to or a guest at the Defendants’ hotel would be, in the words of this Court in *Hiralal Prabhudas v Ganesh Trading Co & Ors.*¹⁸ cast into a state of ‘wonderment’ and deceived into believing that the Defendants’ hotel is an upmarket version of the Plaintiff’s. After all, both are in the same business, the trade channels are the same and there is therefore a commonality in the consumer-base.

9. Mr. Parikh for the Defendants refutes this entirely. His case is that the Plaintiff has not used its marks in the manner in which they are registered, nor do they use those marks alone. Certainly there is no material to indicate any such stand-alone use. On the infringement cause of action, the Plaintiff restricts itself to reliefs in respect of the marks at Exhibits “B”, “C” and “D”. These are, respectively, the ‘Palm Grove Juhu-Mumbai’ device mark

17 *Pontiac Marina Private Limited v CDL Hotels International Ltd.*, [1998] FSR 839

18 AIR 1984 Bom 218

registered in 2006,¹⁹ the ‘Palm Hotel’ device mark registered in Class 35 in 2004,²⁰ and the ‘Palm Hotel’ label mark in Class 42, also of 2004.²¹ There is nothing to show that any of these marks were ever used as registered. Interestingly, Exhibit “E” to the Complaint,²² for which no relief in infringement is claimed, is a device mark in Class 35 for ‘Ramada Plaza Palm Grove’.²³ Here, the use is claimed from 1st December 1981; but the Complaint itself says in paragraph 8.2 that the Plaintiff changed to this name only in July 2002. It is unexplained how any such prior use could be claimed. Consequently, Mr. Parikh says, the Plaintiff’s hotel has never been known as the ‘Palm Hotel’. None of these devices or labels has been used. The Chennai property was never opened in that name either, but in a tie-up with the Marriot group. There is a reference to a venture in Pune,²⁴ but that never came to fruition. For this reason, Mr. Parikh submits, Mr. Kadam is incorrect in saying that ‘Palm Hotel’ is the essential, leading and memorable feature of the Plaintiff’s marks. What the record indicates is that the Plaintiff has been continuously changing its name: from the Ramada Inn Palm Grove in 1987 to Ramada Hotel Palm Grove in 1993 and then to the Ramada Plaza Palm Grove in 2002. The word ‘Palm’ itself is not an essential feature. It is never given significance, and at least as regard passing off, there is no evidence to show that the Plaintiff’s reputation or goodwill rests in the use of that word; i.e., that the public associates ‘Palm’ with the Plaintiff’s hotel in Juhu. Now Section 47 requires use of the marks as registered: it speaks specifically of a ‘registered mark’. The Trade Marks Act, 1999

19 Complaint, *pp.* 43-44.

20 Complaint, *pp.* 45-46.

21 Complaint, *pp.* 47-48.

22 Complaint, *pp.* 49-50 .

23 Relief in passing off is, however, claimed even for this mark.

24 Complaint, paragraph 9.2, *p.* 9.

defines the terms ‘mark’²⁵ and ‘registered mark’.²⁶ Section 2(2)(b) says that any reference to the ‘use of a mark’ is to be construed as a reference to the use of the printed or other visual representation of the mark. Therefore, it must follow that the Plaintiff has not used its marks as registered. This is of consequence because the words ‘Palm’ and ‘Palm Grove’ are not themselves *per se* registered as marks.

10. Mr. Kadam’s case on infringement (as distinct from his case on passing off) seems to me to be posited on his being able to show not just that the Plaintiff has registered trade marks but also that the essential, memorable and leading feature of those marks was the word ‘Palm’. The Plaintiff thus has some form of exclusivity or monopoly on the use of that word in relation to hotels; and the Defendants’ use of the word ‘Palms’ is an infringement. The issue is narrowed to whether ‘Palm’ is a central and memorable feature of the Plaintiff’s marks. Mr. Kadam says this is self-evident: there is simply no other way of looking at it; the use of this word is a constant through all the registrations. It is in this context that he submits, following the decision of a Division Bench of this Court in *Express Bottlers Services Pvt Ltd & Ors. v PepsiCo Inc.*,²⁷ and that of a learned single Judge of this Court in *Biochem Pharmaceutical Industries v Biochem Synergy Ltd.*²⁸ that it is only in very rare and unusual circumstances that the question of balance of convenience plays a part in a trade mark infringement action.

25 Section 2(m).

26 Section 2(w).

27 1991 (11) PTC 296 (Bom) (DB).

28 1998 PTC (18) 267, per A. P. Shah J, as he then was.

11. I am unprepared to go as far as Mr. Parikh would have me do and hold that there is abandonment of the mark. Section 47 seems to me to furnish grounds for removal of a mark from the register and requires a defendant to show that he did in fact invoke these. I do not think it is possible to accept the submission that abandonment must be inferred in this fashion. Even in *Hardie* there was an actual application for rectification and removal from the register citing non-use. That decision is clear that demonstration or proof of a proprietor's *intention* to abandon is a necessary component of his non-user justifying the removal of his marks. This is a consistent view in India, UK²⁹ and USA.³⁰ Abandonment must be strictly proved. To establish an intention to use a proprietor need not show actual use or marketing of goods or the making available of services under that mark.³¹ For instance, in *American Home Products Corporation v Mac Laboratories (P) Ltd.*,³² the Supreme Court rejected precisely such an argument of non-use justifying removal. This was also the view taken by Kathawalla J in *Wockhardt Ltd v Eden Healthcare Pvt Ltd.*,³³ when he said:

21. The statutory rights in the mark are conferred on the registered proprietor once the mark is registered by virtue of the provisions of the Act. Once the mark is registered, the proprietor of the registered mark gets an exclusive right to use the same in respect of the goods or services for which it is registered, subject to the provisions of the Act. By virtue of the provisions of Sections 28 and 29 of the Act, the registered proprietor gets a right to sue any rival trader if, inter alia, there is

29 *Mouson & Co v Boehm*, 26 Ch D 398; cited in *Hardie*, *supra*.

30 *Baglin v Cusenier Co.*, 221 US 580 : 55 L Ed 863 (1911), cited in *Hardie*, *supra*.

31 *Hardie*, *supra*, paragraph 51.

32 (1986) 1 SCC 465; cited in *Hardie*, paragraph 50.

33 2014 (59) PTC 200 (Bom) : 2014 (58) PTC 14 (Bom)

any use of identical or similar mark in respect of identical or similar goods and services for which the mark is registered. There is no requirement under the Act to use the mark prior to enforcing the rights under the Act to prevent the use of the rival mark. What is required to sue for infringement under the Act is the registration of the mark. Once the mark is registered under the Act, then a suit for infringement will certainly lie under the Act without requiring the registered proprietor to show the actual commercial use of the mark. The principle of deemed public user of the mark by virtue of prior registration will also apply in the present scenario and the Suit for infringement of trade mark will be maintainable.

(Emphasis added)

12. In my understanding of it, I must therefore look to the Plaintiff's mark as registered and see if the Defendants' mark is deceptively or confusingly similar to it. In doing this, I will ignore for the purposes of this interim injunction the 2006 mark at Exhibit "B", a device mark for 'Palm Grove Juhu-Mumbai',³⁴ as that is clearly distinct from the Defendants' mark. The other two marks of which protection is sought are at Exhibits "C"³⁵ and "D".³⁶ These are both device marks for 'Palm Hotel', written distinctively with a large cursive 'P' and a smaller cursive 'H', the other letters being in italicized capitals. There is no pictograph or device except perhaps a black border. The Defendants' mark is shown in public advertisements at Exhibit "H".³⁷ Mr Parikh has also tendered a three-volume compilation of documents, and this contains some

34 Plaint, *pp.* 43-44.

35 Plaint, *pp.* 45-46.

36 Plaint, *pp.* 47-48.

37 Plaint, *pp.* 60-62.

samples of the Defendants' use of the mark on advertisements, brochures, invoices and so on. The mark in question comprises the words 'Palms Hotel', the first word in the plural — though I imagine that is almost certainly insignificant — with a special device or image of two stylized palm fronds above. In some cases, the words 'Royal Palms' appear beneath the words 'Palms Hotel';³⁸ at other times, the Defendants use 'Tower and Villas'³⁹ and there are times when there is only the word 'Mumbai' beneath 'Palms Hotel'.⁴⁰

13. As to the phonetic similarity, there can be no doubt; certainly no one is going to make that over-subtle distinction between the singular and the plural. But I imagine it ends at that. The other elements in the Defendants' mark are important points of a clear distinction, particularly when used with 'Tower and Villas' or 'Royal Palms'. The device of the vertical, twin, mirror-imaged palm fronds is also unique, and uniquely distinctive. It is difficult to accept Mr. Kadam's contention that there is so close, so striking and so patent a similarity that one is bound to be mistaken for the other. The two marks are different, and will be differently and distinctly perceived.

14. I believe Mr. Kadam's cause is more than somewhat undermined by the claim in passing off. For this makes it an action in deceit. Misrepresentation is of the essence in such an action. This plea means, at its simplest, that anyone would mistake the Defendants' hotel and that of the Plaintiff as sharing a common

38 Plaint, Ex. "H", *pp.* 61, 62; Defendants' Compilation Vol.III, *pp.* 341, 412.

39 Defendants' Compilation, Vol. III, *pp.* 344, 359, 361, 411.

40 Plaint, Ex. "H", *p.* 60; Defendants' Compilation, Vol. III, *p.* 342.

management or ownership. The plea also implies that the adoption of the Defendants' mark is one that is calculated to deceive and to encash on the Plaintiffs' goodwill. We must, I think, in assessing the question of goodwill, see how the Plaintiff has conducted its affairs and used its mark. This is not a question of registration; this is a question of actual use and the goodwill or reputation built on that use.

15. In 1978-79, Diplock LJ set out five guidelines for passing off actions in *Erven Warnink v Townend & Sons Ltd*.⁴¹ Oliver LJ in *Reckitt & Colman Products Ltd v Borden Inc*.⁴² distilled these into the three probanda in the tortious actions in passing off that we now know as the 'Classic Trinity': (i) goodwill owned by a claimant; (ii) misrepresentation; and (iii) damage to that goodwill. The Classic Trinity places on a plaintiff the burden of proving goodwill in its goods or services, trade dress, brand, mark or even the thing itself. A plaintiff must also show false representation (it matters not that this is unintended) to the public that leads it to believe that the goods or services of the defendant are those of the plaintiff. Fraud is not a necessary element.⁴³ The test of deception or its likelihood is that of the common person. Here again, the similarity tests used in infringement actions have a role to play: a court will look to the aural, visual and conceptual similarity. A plaintiff need not prove actual or special damage; a reasonably foreseeable probability is sufficient.

16. It is in this context that Mr. Parikh's submission of the constant changes becomes important: the Plaintiff went from 'Palm

41 [1979] AC 731, 742 (HL). This is the famous 'Advocaat' case.

42 [1990] 1 All E. R. 873

43 *Laxmikant V. Patel v Chetanbhai Shah & Anr.*, AIR 2002 SC 275.

Grove Juhu-Mumbai’ to ‘Palm Hotel’ and then to ‘Ramada Plaza Palm Grove’. It has never once been the ‘Palm Hotel’ on its own. It has no hotel by this name. Its Mumbai property is in a tie-up with Ramada, which takes precedence and pride of place. Its Chennai property does not mention ‘Palm’ at all. In these cases of passing off, the balance of convenience is certainly a factor. Of necessity, while actual damage may not need to be proved, goodwill and reputation in the mark as used must certainly be established as a pre-requisite.

17. The present Plaintiff, I believe, stumbles at the first stile: proof, even *prima facie*, of goodwill. What have we to show that there is any repute or goodwill in ‘Palm Hotel’? This takes us back to the early part of the Complaint, where there are figures of sales and expenses set out. In paragraph 5, we have these details from October 1981 — but they are of a time when the Plaintiff’s hotel was the ‘Palm Grove Hotel’, not the ‘Palm Hotel’. In paragraphs 6 and 7 there are similar figures of a later period, but these are after the advent of the Ramada group in a tie-up with the Plaintiff. There is also no material to show any sort of deception or confusion at all. In many passing off cases, especially those involving pharmaceutical products, we often see examples of such confusion — letters, enquiries, and so on. There is absolutely nothing here to show this. What Mr. Parikh says is possibly true: that while the Plaintiff’s hotel is a small hotel in Juhu, the Defendants’ hotel is five-star plus deluxe establishment with an 18-hole golf course spread over 240 acres. There is no question of any wonderment or shock, though visitors to the Defendants’ hotel are almost certain to be awed; visitors to the Plaintiff’s hotel at Juhu, not so much.

18. This then takes me to the question of acquiescence. Mr. Kadam says that the Defendants claim to have started their hotel business in February 2008,⁴⁴ the Plaintiff gave notice in June of that year, some correspondence followed, and in March 2009 the Plaintiff brought suit. Any growth the Defendants have after the Plaintiff's cease and desist notice is at their peril, Mr. Kadam submits, citing *Schering Corporation & Ors. v Kilitch Co. (Pharma) Pvt. Ltd.*⁴⁵ In any case, he submits, even if there is a delay, it is not fatal.⁴⁶ Mr. Parikh's answer is that the Defendants' 'Palms Hotel' is an adjunct to its very well known 'Royal Palms' Golf Club or recreational facility, one that has been actively promoted since 1999 and is well known in its entirety as 'Royal Palms Goregaon'. The Plaintiff cannot, he says, feign ignorance of the existence of the Defendants and their hotel. I do not see how the ratio of *Khoday Distilleries Ltd v Scotch Whisky Association & Ors.*⁴⁷ can be deployed to this case. I do not think Mr. Parikh is correct in his submission, and I do not believe that this Plaintiff, if he is otherwise entitled to an injunction in either infringement or passing off or both, should be defeated only on this ground. There is no question of the Plaintiff having 'stood idly by' while the Defendants grew their business. The material in the Defendants' compilations shows the use of 'Royal Palms' in relation to its golf and country club development. By its own admission in its Affidavit in Reply, the Defendants did not start use of the mark for their hotel until February 2008, and the Plaintiff moved very soon thereafter.

44 Notice of Motion paperbook, Affidavit in Reply, para 25, *pp.* 83-84.

45 1991 IPLR 1 : PTC (suppl)(2) 22 (Bom) (DB)

46 *Biochem Pharmaceutical Industries v Biochem Synergy Ltd.*, 1998 PTC (18) 267

47 (2008) 10 SCC 723

19. But there is yet this question of balance of convenience. It is, as we now well know, an established general principle governing the grant of injunctions and interim orders. In *Zenit Mataplast Pvt. Ltd. v State of Maharashtra*,⁴⁸ the Supreme Court said:

“30. Interim order is passed on the basis of *prima facie* findings, which are tentative. Such order is passed as temporary arrangement to preserve the status quo till the matter is decided finally, to ensure that the matter does not become either infructuous or a fait accompli before the final hearing. The object of the interlocutory injunction is to protect the plaintiff against injury by violation of his right for which he could not be adequately compensated in damages recoverable in the action if the uncertainty were resolved in his favour at the trial (*vide Anand Prasad Agarwalla v. Tarkeshwar Prasad*, (2001) 5 SCC 568) and *State of Assam v. Barak Upatyaka D.U. Karmachari Sanstha* [(2009) 5 SCC 694].”

31. Grant of an interim relief in regard to the nature and extent thereof depend upon the facts and circumstances of each case as no straitjacket formula can be laid down. There may be a situation wherein the respondent-defendant may use the suit property in such a manner that the situation becomes irretrievable. In such a fact situation, interim relief should be granted (*vide M. Gurudas v. Rasaranjan*, (2006) 8 SCC 367; AIR 2006 SC 3275 and *Shridevi v. Muralidhar*, (2007) 14 SCC 721). **Grant of temporary injunction is governed by three basic principles i.e. *prima facie* case; balance of convenience; and irreparable injury, which are required to be considered in a proper perspective in the facts and circumstances of a particular case.** But

48 (2009) 10 SCC 388; cited by a Division Bench of this Court in *Lakeview Developers & Ors. v Eternia Co-operative Housing Society Ltd. & Ors.* (per VM Kanade J), Appeal (L) No. 189 of 2015, decided on 25th March 2015.

it may not be appropriate for any court to hold a mini-trial at the stage of grant of temporary injunction (*vide S.M. Dyechem Ltd. v. Cadbury (India) Ltd.* (2000) 5 SCC 573; AIR 2000 SC 2114 and *Anand Prasad Agarwalla*: (2001) 5 SCC 568, SCC p.570, para 6).”

20. As against this general principle are the two decisions in *Express Bottlers* (of a Division Bench) and in *Biochem Pharma* (of a Single Judge), both of which say that the question of balance of convenience is relevant in an infringement action only in a rare case. *Biochem Pharma* relied on the decision of a single Judge of the Delhi High Court in *Philip Morris Belgium SA v Golden Tobacco Co Ltd.*⁴⁹ That was a pure infringement action. *Biochem Pharma* also adopted the principle from decision of another single Judge of this Court in *Kirloskar Diesel Recon Pvt Ltd v Kirloskar Proprietary Ltd.*,⁵⁰ a matter that involved the use of the name ‘Kirloskar’, in which the Court held that the principle of balance of convenience applies where the scales are evenly poised.

21. In this context, I think Mr. Parikh’s reliance on the decision by Dr. Chandrachud J, as he then was, in *Kamat Hotels (India) Ltd. v Royal Orchid Hotels Ltd. & Anr.*⁵¹ is most apposite. This, too, was an action in infringement and passing off. Dr. Chandrachud J considered both *Biochem Pharma* and *Express Bottlers*.⁵² He said that these judgments do not support the proposition that considerations of balance of convenience are altogether or completely alien to an infringement action. That principle (of a wholesale negation) cannot be accepted in view of the decisions of the Supreme Court

49 AIR 1986 Del 145.

50 1997 (17) PTC 469 (Bom)

51 2011 (4) Mh. LJ

52 Paragraphs 32 and 33. He also considered *Hardie, Khoday* and *Schering*.

in *Power Control Appliances v Sumeet Machines Pvt. Ltd.*,⁵³ *Wander Ltd. v Antox India Pvt. Ltd.*,⁵⁴ *Mahendra & Mahendra Paper Mills Ltd. v Mahindra & Mahindra Ltd.*,⁵⁵ and, indeed, in *Khoday Distilleries*.⁵⁶

22. I am in most respectful agreement with this view.

23. Moreover, in a combined action in both infringement and passing off, I do not see how it is possible to jettison the balance of convenience principle entirely. Where there is at least some level of doubt about whether or not infringement is shown, at least *prima facie*, or where a tenable defence to an infringement action is shown, then I think it would be a mistake to abandon all considerations of the balance of convenience. The principle is almost certainly applicable to cases of passing off.

24. Since I have found that while there may be a phonetic similarity, there is only a phonetic similarity, and no other case in infringement, but, rather, important and salient points of distinction, and also found no case to be established on passing off, I must, I think, hew to that principle of a consideration of the balance of convenience. Would the Plaintiff likely suffer more than the Defendants would by the refusal of an injunction? Or would the Defendants suffer more by its grant? I believe the question answers itself. The Defendants have established a large and very successful operation and it would undoubtedly cost them a very great deal to restrain them now from carrying on as they have for the better part

53 (1994) 2 SCC 448

54 (1990) Supp SCC 726

55 (2002) 2 SCC 147

56 (2008) 10 SCC 723

of the last decade. The compilations presented by Mr. Parikh include *inter alia* invoices and account statements, and advertising and publicity materials. The turnover is indeed substantial, as are the bookings and the Defendants' website too shows much traffic.

25. For these reasons, the approach adopted by Dr. Chandrachud J in *Kamat Hotels* and commended by Mr. Parikh is one that I believe I must follow. The relief must certainly be moulded. I must note that this moulding of relief followed in *Kamat Hotels* despite the plaintiff in that action having demonstrated infringement. As against that, there was a pending rectification application filed by the defendant. Dr Chandrachud J relied on the Supreme Court's decision in *Wander* to mould the relief such that the contesting defendant's enterprise, one that had a substantial turnover and reputation, was balanced against the plaintiff's proven claim in infringement. The contesting defendant was directed to maintain accounts and was restrained from commencing any new hotel or line of business with an infringing mark. Thus, following *Wander*, the interlocutory remedy preserved in *status quo* the rights of the parties as they appeared on a *prima facie* assessment.

26. In this case, too, a similar result must follow. There is, first of all the limited phonetic similarity; yet, whether or not 'Palm' is a leading or central feature is a matter that must await the trial, as must the Plaintiff's claim on passing off. Consequently, I believe the following order will sufficiently balance the competing equities:

- (a) The Defendants are not to use the mark 'Palms Hotel', without the words 'Royal Palms' (additionally, with or without the words 'Tower and Villas'), i.e., not use 'Palms Hotel' either solely or with merely 'Mumbai'.

Given the size and extent of their business, the Defendants will have six months' time for compliance.

- (b) The Defendants will maintain accounts in relation to their hotel operations (as distinct from their operations for the Golf Club or other activities).

27. The Notice of Motion is disposed of in these terms, with no order as to costs.

(G.S. PATEL, J.)