

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

% *Judgment Reserved On : September 26, 2016*
Judgment Delivered On : October 03, 2016

+ **FAO (OS) (COMM) 67/2016**

M/S P K OVERSEAS PVT.LTD. & ANRAppellants
Represented by: Ms.Pratibha M.Singh, Senior
Advocate instructed by Mr.Umesh
Mishra and Mr.Sunil Kr.Ojha,
Advocates

versus

M/S BHAGWATI LECTO VEGETARIANS
EXPORTS PVT.LTD & ANRRespondents
Represented by: Mr.Sandeep Bisht, Advocate with
Mr.Aditya Dhar, Advocate for R-1

CORAM:

HON'BLE MR. JUSTICE PRADEEP NANDRAJOG

HON'BLE MS. JUSTICE PRATIBHA RANI

PRADEEP NANDRAJOG, J.

1. The appellants are the plaintiffs. The respondents are the defendants. Suit is on an action for passing off of the trademarks '*India Salaam*' and '*Al Habib*'. The rival trademark is '*Al Salaam*'. Under the competing trademarks same goods i.e. rice is being sold.
2. As per the plaintiffs the trademark '*India Salaam*' was adopted and put into use in the year 1985 by plaintiff No.2 who was carrying on

business under the name and style M/s P.K.Enterprises, which trading name by him was changed to M/s Sun Rise Agro India, which was later on converted into a company M/s P.K.Agro Enterprises Pvt.Ltd. and thereafter name changed to M/s P.K.Overseas Pvt.Ltd. That with the consent of plaintiff No.2, the plaintiff No.1 has also been permitted to use the trademark '*India Salaam*' i.e. said trademark is used both by plaintiff No.1 and plaintiff No.2 for sale of rice. As per the plaintiffs since the year 2009 they conceived of and adopted the trademark '*Al Habib*' for rice and registration of the said trademark is also pending. Both plaintiffs used the trademark '*Al Habib.*'

3. The defendants adopted the trademark '*Al Salaam*' in May 2015 and used the same from June 01, 2015. The goods being rice.

4. On the aforesaid admitted facts, with the additional fact that during the pendency of the suit, the appellants obtained registration of the trademark '*Al Habib*' on December 10, 2015; the learned Single Judge has vacated the ex-parte ad-interim injunction obtained by the appellants, vide impugned order dated July 27, 2016 holding that what intrigues the court is the claim of the plaintiffs being not based on the allegation of deceptive similarity to the trademark '*India Salaam*' or the trade mark '*Al Habib*', but with reference to the two marks taken together. The learned Single Judge has held that it is not the case of the plaintiffs that they are using the two marks in conjunction with each other. The learned Judge has noted that plaintiffs turn over under the two trademarks (individually) is not known. The learned Judge has held that he cannot thus determine as to

what is the turn over under the two trademarks in which proprietary interest is claimed by the plaintiffs. In para 17 and 18 of the impugned decision the learned Single Judge has observed:-

“17. I am of the view that at this stage, while considering whether the use by the defendants of the trademark ‘AL SALAM’ amounts to the defendants passing off their goods as that of the plaintiffs, the two marks of the plaintiffs ‘INDIA SALAAM’ and ‘AL HABIB’ cannot be taken together and the test to be applied is whether the trademark ‘AL SALAM’ is similar/deceptively similar separately to ‘INDIA SALAAM’ or to ‘AL HABIB’.

18. Apply the said test, the answer has to be in the negative. None, particularly the customers of the plaintiffs i.e. who are importing rice from India, can be said to be likely to confuse the goods of the defendants with the trademark ‘AL SALAM’ with those of the plaintiffs or having origin from the plaintiffs.”

5. The learned Single Judge has thereafter reasoned that since the plaintiffs had failed to establish that the trademark ‘India Salaam’ had acquired distinctiveness and reputation it could not be said that prima-facie case of passing off against the respondents with reference to the respondents’ trademark ‘Al Salaam’ was made out, and for which conclusion the reason given by the learned Single Judge is that the plaintiffs gave composite sale figures for the rice sold under their trademarks ‘India Salaam’ and ‘Al Habib’.

6. The learned Single Judge has then proceeded to consider the packaging material i.e. the trade dress under which the rice is sold by the

plaintiffs and defendants and held that there is no deceptive similarity in the trade dresses.

7. In appeal we would be guided by the principles of law laid down by the Supreme Court in the decision reported as 1990 Suppl. (1) SCC 727 Wander Ltd. v & Anr vs. Antox India Pvt, Ltd. wherein, in para 9 and 14 it was observed as under:-

“9. Usually, the prayer for grant of an interlocutory injunction is at a stage when the existence of the legal right asserted by the plaintiff and its alleged violation are both contested and uncertain and remain uncertain till they are established at the trial on evidence. The court, at this stage, acts on certain well settled principles of administration of this form of interlocutory remedy which is both temporary and discretionary. The object of the interlocutory injunction, it is stated

“...is to protect the plaintiff against injury by violation of his rights for which he could not adequately be compensated in damages recoverable in the action if the uncertainty were resolved in his favour at the trial. The need for such protection must be weighed against the corresponding need of the defendant to be protected against injury resulting from his having been prevented from exercising his own legal rights for which he could not be adequately compensated. The court must weigh one need against another and determine where the ‘balance of convenience’ lies.”

The interlocutory remedy is intended to preserve in status quo, the rights of parties which may appear on a prima

facie case. The court also, in restraining a defendant from exercising what he considers his legal right but what the plaintiff would like to be prevented, puts into the scales, as a relevant consideration whether the defendant has yet to commence his enterprise or whether he has already been doing so in which latter case considerations somewhat different from those that apply to a case where the defendant is yet to commence his enterprise, are attracted.

x x x x

14. The appeals before the Division Bench were against the exercise of discretion by the Single Judge. In such appeals, the appellate court will not interfere with the exercise of discretion of the court of first instance and substitute its own discretion except where the discretion has been shown to have been exercised arbitrarily, or capriciously or perversely or where the court had ignored the settled principles of law regulating grant or refusal of interlocutory injunctions. An appeal against exercise of discretion is said to be an appeal on principle. Appellate court will not reassess the material and seek to reach a conclusion different from the one reached by the court below if the one reached by that court was reasonably possible on the material. The appellate court would normally not be justified in interfering with the exercise of discretion under appeal solely on the ground that if it had considered the matter at the trial stage it would have come to a contrary conclusion. If the discretion has been exercised by the trial court reasonably and in a judicial manner the fact that the appellate court would have taken a different view may not justify interference with the trial court's exercise of discretion. After referring to these principles

Gajendragadkar, J. in Printers (Mysore) Private Ltd. vs. Pothan Joseph (SCR 721)

“...These principles are well established, but as has been observed by Viscount Simon in Charles Osenton & Co. vs. Jhanaton ‘..the law as to the reversal by a court of appeal of an order made by a judge below in the exercise of his discretion is well established, and any difficulty that arises is due only to the application of well settled principles in an individual case.”

8. Now, in the plaint it is not the case pleaded by the plaintiffs that to determine passing off their trademarks ‘India Salam’ and ‘Al Habib’ have to be taken together and thus the initial part of paragraph 17 of the impugned order is surplus. But the later part of the said paragraph that the test to be applied is whether the trademark ‘Al Salam’ is deceptively similar to either ‘Al Habib’ or ‘India Salaam’ is correct.

9. The problem with the impugned order is that in paragraph 18 it records the opinion of the learned Single Judge without giving the reasons thereof.

10. Comparison of the trade dress is irrelevant because it is not the case of the plaintiffs that the deceptive similarity is occasioned with respect of the trade dress. The case of the plaintiffs was the deceptive similarity in the trademarks, which are word marks.

11. The sales figure disclosed in the plaint is for the years 2002-03 till the year 2014-15. It is true that a composite figure of sales has been

disclosed pertaining to the rice sold under the trademarks '*India Salaam*' and '*Al Habib*', but what has been overlooked by the learned Single Judge is that the trademark '*Al Habib*' was coined in the year 2009 and thus the sales preceding said year would obviously be under the trademarks '*India Salaam*' and the figures for the year 2002-03 till the year 2008-09 for plaintiff No.1 and plaintiff No.2 would be:-

Year	Plaintiff No.1 sales (₹)	Plaintiff No.2 sales ₹
2001-02	Nil	43213925.00
2002-03	78853516.00	13005017.00
2003-04	46953202.00	13691444.00
2004-05	79763365.00	16698259.00
2005-06	86741808.00	24326207.00
2006-07	193799604.00	42829590.00
2007-08	227840064.00	98059750.00
2008-09	591247125.00	133160903.00

12. If the learned Single Judge had properly directed himself to this aspect of the matter i.e. the plaintiffs adopted the trademark '*Al Habib*' in the year 2009, it would have been apparent that the sales figures till said years pertained to the sales effected under the trademark '*India Salaam*'.

Qua plaintiff No.1 the sales rose from ₹7,88,53,516/- in the year 2001-02 to ₹59,12,47,125/- in the year 2008-09 i.e. from approximately ₹8 crores the sales rose to approximately ₹59 crores and qua plaintiff No.2, commencing from the year 2001-02 till the year 2008-09 they rose from ₹4.32 crores to ₹13.31 crores. Thus, the sale of rice by the plaintiffs under the trademark '*India Salaam*' jointly rose from about ₹8.2 crores as of the year 2001-02 to reach ₹72.31 crores in the year 2008-09. And had this fact been noted it would have been apparent that the plaintiffs, through the medium of their sales, have prima-facie established goodwill and a reputation generated in their trademark *India Salaam*.

13. In the impugned judgment, and we refer to paragraph 14, though not expressly mentioned by the learned Single Judge that he is adverting to the issue whether the plaintiffs have prima-facie established distinctiveness qua their trademark '*India Salaam*', the learned Single Judge has discussed said aspect for the reason the learned Single Judge has noted that the plaintiffs have given combined sale figures commencing from the year 2001-02 onwards without bifurcating the same for rice sold under the trademark '*India Salaam*' and '*Al Habib*' and therefore one cannot ascertain the sales under the two trademarks. For the reason given above, said prima-facie finding is wrong.

14. From the tenor of the impugned judgment it is apparent that had the learned Single Judge found the sales figures pertaining to rice sold under the trademark '*India Salaam*' the learned Single Judge would have considered whether keeping in view the reputation acquired by the

trademark '*India Salaam*', the rival trademark '*Al Salaam*' adopted by the respondent's was deceptively similar to the plaintiffs trademark '*India Salaam*'.

15. From the sale figures provided in the plaint and prima-facie made good with reference to documents the plaintiffs would be entitled to the benefit of a prima-facie view to be taken that they have established goodwill and reputation in the market qua their trademark '*India Salaam*'.

16. As regards the respondents the admitted position was that they had just entered the market using the trademark '*Al Salaam*'. They had yet to acquire a reputation and the action initiated by the plaintiffs was akin to a quia-timet action.

17. The next question to be addressed would then be : whether the trademark *Al Salaam* would be deceptively similar to the trademark *India Salaam*.

18. We take guidance from precedents. In the decision reported as 2009 (40) PTC 417 (Del.) (DB), *Amar Singh Chawal Wala vs. Shree Vardhan Rice and Genl.Mills*, the two rival trade marks were '*Lal Qilla*' and '*Hara Qilla*' in respect of rice and the issue before the Division Bench was the deceptive similarity of the marks thereof. The plaintiffs had adopted the trademark *Golden Qilla* in the year 1954 for rice and *Lal Qilla* in the year 1961 and *Neela Qilla* in the year 1977. In the year 1986, the plaintiffs learnt use of the trademark *Hara Qilla* by the defendant. The learned Single Judge refused to grant the injunction holding that there was no phonetic similarity between *Golden Qilla*, *Lal Qilla*, *Neela Qilla* and *Hara*

Qilla. The Division Bench at the outset noted that the suit was essentially one for infringement. Referring to the decision reported as (1965) 1 SCR 737 Kaviraj Pandit Durga Dutt Sharma v. Navaratna Pharmaceutical Laboratories wherein it was, inter-alia, held that if the essential features of a trademark of the plaintiff have been adopted by the defendant, the fact that the get up, packing and other writing or marks on the goods or on the packets in which defendant offers his goods for sales show marked differences or indicate clearly a trade origin different from that of the registered proprietor of the mark, would be immaterial. The Division Bench then referred to the decision reported as (1963) 2 SCR 484 Amritdhara Pharmacy v. Satya Deo where, based on the imperfect recollection of an average consumer who is not likely to split the components of a name and consider the etymological meaning thereof, the rival marks ‘Amritdhara’ and ‘Lakshmandhara’ were held to be phonetically and deceptively similar. The Division Bench held that the impugned trade mark ‘Hara Qilla’ contained the essential feature of the plaintiff’s trade mark i.e. the word ‘Qilla’ which along with the device of a fort was deceptively similar to the registered trademarks, ‘Lal Qilla’ and ‘Golden Qilla’. It was further held that significantly the said deception was amplified by the phonetic similarity in the constituent and dominant element ‘Qilla’ of the rival marks ‘Golden/Lal Qilla’ and ‘Hara Qilla’. Noting that the trademarks had no connection with the product i.e. rice, injunction was granted.

19. In the decision reported as 2010 (44) PTC 293 (Del.) (DB) M/S Kirorimal Kashiram Marketing vs M/S. Shree Sita Chawal Udyog Mill, the primary issue before the Division Bench was whether the respondent's impugned trade mark 'Golden Deer' was deceptively similar to the appellant's registered trade mark 'Double Deer' with respect to sale of the identical goods i.e. rice. The learned Single Judge had refused an injunction. It was a case where the appellants were undisputedly the prior user of the trademark *Double Deer*. The Division Bench opined that the word 'Deer' was a prominent part of the appellant's trademark 'Double Deer'. The Division Bench noted the decision in Amar Singh Chawal Wala case (supra). Rejecting that the word 'Deer' was common to the trade and noting that the defendant had failed to establish extensive use and reputation in its trademark 'Golden Deer', injunction was granted.

20. It is often argued in trademark infringement cases that the trademark has to be considered as a whole and has not to be dissected. That is to say the anti-dissection rule is brought into force. On the other hand the theory of a dominant part of a trademark is propounded which essentially requires a Court to look at the trademark compositely but identify if any part thereof is the dominant part. To a layman it may appear to be a legal paradox, for on the one hand there is a rule that you cannot dissect a composite mark and on the other hand you have a rule which has the feature of dissecting. In the decision reported as 2015 (61) PTC 231 South India Beverages Pvt. Ltd. vs General Mills

Marketing Inc. this issue was addressed by a Division Bench of this Court with respect to same products i.e. ice cream. The rival marks under consideration were 'HAAGEN-DAZS' and 'D'DAAZS'. Propounding the rule of anti-dissection to contend that the respondent's mark 'HAAGEN-DAZS' should be viewed as an indivisible whole and when viewed in its entirety, it was not deceptively similar to the impugned trademark 'D'DAAZS', the rival argument was that 'DAZS' formed a prominent part of the trademark 'HAAGEN-DAZS' and therefore warranted protection against the impugned trademark. The Division Bench then referred to various judicial decisions and opined that the rule of anti-dissection essentially mandates that where the issue is of deceptive similarity between composite marks, the commercial impression of the mark as a whole needs to be considered for the reason the jurisprudence behind the anti-dissection rule was *that the combination of the terms in its entirety and not its dissected elements* constitute the distinctive mark. The Division Bench then referred to the decision reported as 211 (2014) DLT 296 Stiefel Laboratories v. Ajanta Pharma Ltd. and therefrom extracted the rationale for the anti-dissection rule : *'The rationale of the anti-dissection rule is based upon this assumption: 'An average purchaser does not retain all the details of a mark, but rather the mental impression of the mark creates in its totality. It has been held to be a violation of the anti-dissection rule to focus upon the 'prominent' feature of a mark and decide likely confusion solely upon that feature, ignoring all other elements of the mark. Similarly, it is improper to find that one portion of*

a composite mark has no trademark significance, leading to a direct comparison between only that which remains.' In view of the aforesaid, the Division Bench opined that the principles of '*anti- dissection*' and that of '*identification of 'dominant mark*' are not antithetical to one another but are rather complimentary. It was held that the constituent elements may be viewed as a preliminary step in ultimately determining probable customer reaction to the conflicting composites as a whole. The Division Bench expounded that the rule of anti-dissection does not absolutely restrict consideration of the constituent elements of a composite mark and more significantly, where less than the entire trademark was appropriated amounting to infringement thereof, there would be no violation of the anti-dissection rule. Reliance was placed on the decision reported as 380 F.3d 1340 Re Chatam Int'l, Inc., where the Court held that the commercial impression created by the dominant part '*GASPAR*' of the registered mark '*GASPAR'S ALE*' was far more substantial than by its other part '*ALE*' and therefore the impugned mark '*JOSE GASPAR GOLD*' was found to be deceptively similar to the registered mark. Reference was then made to decision reported as 405 F.Supp. 530 (1975) Eaton Allen Corp. v. Paco Impressions Corp where it was held that consideration of a trademark as a whole does not preclude infringement where less than the entire trademark is appropriated. In the facts of the case, the Division Bench, rejected the appellant's arguments advanced on the basis of the anti-dissection rule to hold that the impugned mark '*D' DAAZS*' infringed a dominant feature i.e. '*DAZS*' of the respondents' trademark '*HAAGEN*'

‘DAZS’ which feature can be easily relied on to trace the source of its product and therefore must be accorded protection. Thereafter, noting that the expression ‘HAAGEN DAZS’, was a unique combination of Danish-sounding words having no dictionary meaning in any language, the Division Bench reiterated that being an arbitrarily chosen trademark, the same was entitled to a high degree of protection and referred to the decision of this Court reported as 2010 (44) PTC 293 (Del) Kirorimal Kashiram Marketing and Agencies Pvt. Ltd. v. Shree Sita Chawal Udyog Mill in support thereof. The Division Bench highlighted that the consumer generally retained only a vague impression of a mark to ascertain its similarity upon encountering a new rival mark. Interestingly, the Division Bench imported the ‘ordinary observer’ test in copyright law to hold that this principle could be adopted if a dominant part of a trademark which had acquired a goodwill had been adopted by the defendant.

21. In view of the principles of law hereinabove discussed in the instant case plaintiffs’ trademark ‘India Salaam’ would have both words ‘India’ and ‘Salaam’ as dominant parts thereof and use by the appellants of the trademark ‘Al Salaam’ would be a prima-facie case of infringement. We highlight that the sales figure by the respondents for sale of rice under the trademark ‘India Salaam’ justify a prima-facie opinion of reputation acquired in the trademark and that the appellant had just entered the market. Injury caused to the appellants would be minimal

if injunction was granted because the appellants had yet to acquire a reputation in the trademark adopted by them.

22. We note that though not pleaded in the plaint, the respondents have as a matter of fact also applied for registration of the trademark '*India Salaam*' and it was argued that rice was being sold by the respondents under said trademark, but we cannot take said argument into account because there are no pleadings in the plaint and if this assertion is correct the appellants would be better advised to seek amendment of the plaint and if an application is filed seeking amendment of the plaint the learned Single Judge would decide the same as per law.

23. The appeal is allowed. Impugned judgment dated July 27, 2016 dismissing IA No.16408/2015 and allowing IA No.25336/2015 is set aside. IA No.25336/2015 filed by the respondents is dismissed. IA No. 16408/2015 filed by the appellants is allowed. The ex-parte ad-interim injunction granted on August 11, 2015 by the learned Single Judge is confirmed.

24. Parties shall bear their own costs in the appeal.

(PRADEEP NANDRAJOG)
JUDGE

(PRATIBHA RANI)
JUDGE

OCTOBER 03 , 2016
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