

IN THE HIGH COURT OF JUDICATURE AT MADRAS

Dated: 29-11-2018

CORAM

THE HON'BLE MR.JUSTICE M.SUNDAR

C.S.No.118 of 2003

Syam Modern Rice Mill,
No.90, Mailam Road,
Tindivanam-604 002,
Villupuram District

Represented by its Partner P.Stalin .. Plaintiff

Vs.

1.S.K.P.Modern Rice Mill,
Arcot Road,
Arani,
Thiruvannamalai District.

2.Kanagadurga Traders,
Veerabadra Maistry Street,
Gudiyatham,
North Arcot District.

.. Defendants

This Civil Suit is preferred, under Order IV Rule 1 of the Original Side Rules R/W order VII Rule 1 of the CPC and under Section 105 and 106 of the Trade and Merchandise Marks Act, 1958 and under Section 62 of the Copyright Act, 1957, seeking (a) permanent injunction, restraining the defendants by themselves, their servants, agents, retailers, representatives or any other person claiming through them from in any manner manufacturing, processing, stocking, selling, advertising or offering for sale any kind of rice using the brand name Cow or the device of Cow in any manner or the use the same in relation to the sale of their rice and pass off their rice or rice product as the goods of the Plaintiffs and enable others to pass off; (b) directing the defendants to render true and faithful accounts of the profits earned by them by the use of the impugned mark and directing such profits to be paid to the Plaintiffs for the passing off committed by

them; (c) directing the defendants to surrender to the Plaintiffs all the bags, gunny bags, labels or any other printed matters containing or consisting of the impugned trademark together with blocks used for the purpose of printing the same for destruction; and (d) directing the defendants to pay to the Plaintiffs the costs of the suit.

For Plaintiff : Mr.P.Dineshkumar

For Defendants-1&2 : Set ex parte on 3.4.2012

JUDGMENT

There is a sole plaintiff and there are two defendants in the instant suit.

2. Mr.P.Dineshkumar, learned counsel on record for the sole plaintiff, is before this Commercial Division.

3. To be noted, both defendants were set ex parte and ex parte evidence has been recorded. Post recording of ex parte evidence, the instant suit has been placed before this Commercial Division for arguments.

4. Before I proceed with the suit and the lis, it is necessary to examine the jurisdiction of this Commercial Division qua this suit.

5. Learned counsel for the plaintiff submits that this suit pertains to passing off qua two trademarks used by the plaintiff for their products i.e., rice. As it is a suit for passing off, learned counsel submits

that Section 134 (1) of 'The Trade Marks Act, 1999', (hereinafter referred to as 'TM Act' for brevity) is attracted. Learned counsel further submits that in the light of Sub-Section (1) of Section 134 of TM Act being attracted, this Commercial Division will have jurisdiction to entertain this suit under first proviso to Section 7 of 'The Commercial Courts Act, 2015' (hereinafter referred to as 'said Act' for brevity). Learned counsel submits that in the light of first proviso to Section 7 of the said Act, specified value is of no relevance. Furthering his submission on jurisdiction, learned counsel submits that this lis qualifies as a commercial dispute under sub-clause (xvii) of Section 2(1)(c) of the said Act. To be noted, sub-clause (xvii) of Section (2)(1)(c) of said Act reads as under:

'2(1) In this Act, unless the context otherwise requires,--

(a) "Commercial Appellate Courts" means the Commercial Appellate Courts designated under Section 3A;

(aa) "Commercial Appellate Division" means the Commercial Appellate Division in a High Court constituted under sub-section (1) of Section 5;

(b) "Commercial Court" means the Commercial Court constituted under sub-section (1) of Section 3;

(c) "commercial dispute" means a dispute arising out of--

(i) ordinary transactions of merchants,

bankers, financiers and traders such as those relating to mercantile documents, including enforcement and interpretation of such documents;

(ii)

(xvii) *intellectual property rights relating to registered and unregistered trademarks, copyright, patent, design, domain names, geographical indications and semi-conductor integrated circuits;*

6. It is necessary to extract Section 7 of the said Act also.

Section 7 along with first and second provisos reads as follows:

'7. Jurisdiction of Commercial Divisions of High Courts :

All suits and applications relating to commercial disputes of a Specified Value filed in a High Court having ordinary original civil jurisdiction shall be heard and disposed of by the Commercial Division of that High Court:

PROVIDED that all suits and applications relating to commercial disputes, stipulated by an Act to lie in a Court not inferior to a District Court, and filed or pending on the original side of the High Court, shall be heard and disposed of by the Commercial Division of the High Court:

PROVIDED FURTHER that all suits and applications transferred to the High Court by virtue of sub-section (4) of Section 22 of the Designs Act,

2000 (16 of 2000) or Section 104 of the Patents Act, 1970 (39 of 1970) shall be heard and disposed of by the Commercial Division of the High Court in all the areas over which the High Court exercises ordinary original civil jurisdiction.'

7. A perusal of Section 7 and first proviso would reveal that specified value is of no relevance when jurisdiction of this Commercial Division is exercised under first proviso to Section 7 of said Act, unlike the main provision i.e., Section 7.

8. In the light of the aforesaid submissions, a perusal of the plaint reveals that this suit certainly qualifies as a commercial dispute under sub-clause (xvii) of Section (2)(1)(c) of said Act and therefore, this Commercial Division shall exercise jurisdiction under first proviso to Section 7 of said Act. Jurisdiction of this Commercial Division thus determined.

9. Having determined jurisdiction of this Commercial Division, qua this suit, I now proceed to capture the trajectory of this suit thus far. As already mentioned supra, both the defendants were set ex parte and ex parte evidence was recorded.

10. Learned counsel for the plaintiff, taking me through the suit file submits that the defendants were set ex parte on 3.4.2012 by this

Court, as both the defendants did not enter appearance in spite of being served with suit summons. Obviously both defendants did not file written statement either. Thereafter, the suit was set down for recording ex parte evidence before the learned Additional Master IV on 25.11.2013.

11. There is one aspect of the matter in the interregnum, which is of relevance for capturing the trajectory of the suit.

12. Both the defendants have been served in the name and style in which they are carrying on business i.e., as in the short and long cause titles of the plaint. It is submitted that the plaintiff did not know the exact constitution of the defendants at the time of inception of suit. Subsequently plaintiff was permitted to carry out amendments to the plaint in this regard.

13. Learned counsel submits that exact constitution of defendants could not be ascertained in spite of best efforts and that it may not be necessary to carryout the amendments as the plaintiff has the right to sue persons carrying on business in the name and style of the business in which they are carrying on their business as if it were the firm names. In support of his submission, learned counsel drew my attention to Order XXX, Rule 10 of 'The Code of Civil Procedure, 1908' (hereinafter referred to as 'CPC' for brevity).

14. To be noted, Order XXX, Rule 10 of CPC remains unamended by the said Act. Therefore, Order XXX, Rule 10 CPC applies to the instant case. I deem it appropriate to extract Order XXX, Rule 10, CPC, which reads as under:

'ORDER XXX - Suits by or Against Firms and Persons carrying on business in names other than their own:-

1.
2.
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10. Suit against person carrying on business in name other than his own.—Any person carrying on business in a name or style other than his own name, or a Hindu undivided family carrying on business under any name, may be sued in such name or style as if it were a firm name, and, insofar as the nature of such case permits, all rules under this Order shall apply accordingly.'

15. Therefore, in my considered opinion, there is no impediment for the plaintiff to pursue the suit to its logical end as the plaintiff has chosen to do so, by relying on Order XXX, Rule 10 of CPC.

16. It is submitted by the learned counsel for plaintiff that the plaintiff is a rice processing entity, which processes rice from paddy using

modern technology i.e., by using machinery, which have been imported from Japan for this purpose. It is brought to the notice of this Commercial Division that plaintiff is a partnership firm and it is represented by one of its partner viz., P.Stalin in the instant proceedings.

17. As it unfurls from the plaint submissions, plaintiff has been carrying on business from 1982. Plaintiff is selling various varieties of rice, namely, White Ponni Gold, Deluxe, Idly Rice, IR 50 etc., in 25 kg bags, 50 kg bags and 100 kg gunny bags. According to plaintiff, these products of the plaintiff are sold under two trade marks. One trademark is 'Cow' and the other trademark is 'Elephant'. Learned counsel submits that for each of the variety depending on the quantum of packaging, different colour schemes have been adopted by the plaintiff for identifying the plaintiff's products. However, it is asserted by the plaintiff that all varieties of rice sold by the plaintiff are sold either in 'Cow' brand or in 'Elephant' brand.

18. As already mentioned supra, plaintiff, on the date of inception of the suit (13.2.2003) did not have trademark registration for the aforesaid two trademarks. These two trademarks i.e., 'Cow' and 'Elephant' shall hereinafter be referred to as the 'suit TMs' for the sake of convenience and clarity. It is submitted that the plaintiff had applied for registration of suit TMs with Trademark Registry vide application dated 25.1.2001 and the

same was pending as on the date of inception of the suit. To be noted, presentation of the suit being 13.2.2003. Therefore, this suit is essentially one for passing off.

19. This takes us to ex parte evidence that has been let in and exhibits that have been marked there with.

20. 'Cow' and 'Elephant' brands used by the plaintiff, which constitute suit TMs have been marked as Ex.P-3 and Ex.P-8 respectively and the same are as follows:





21. Further to show that the plaintiff has not been having these TMs dormant, but has actually been using the same, plaintiff has marked Ex.P-1 and Ex.P-2, which are cloth bags in which plaintiff's products are sold and some trade promotion literature/material of plaintiff have also been marked as Ex.P-4, Ex.P-6 and Ex.P-8.

22. In contradistinction to or to be precise, in comparison with plaintiff's Ex.P-1, the offending marks used by the defendants has been marked as Ex.P-2. As these are cloth bags, there is some difficulty in scanning the same in colour and reproducing the same in the instant order. However, I have compared the suit TMs with Ex.P-2.

23. To be noted that for comparing Ex.P-2 with suit TMs, I

applied the time honoured principle laid down in this regard in the celebrated judgment of Hon'ble Supreme Court in **Parle Products (P) Ltd. Vs. J.P. and Co., [(1972) 1 SCC 618]**, wherein in paragraph-9, it has been held as follows:

“9. It is, therefore, clear that in order to come to the conclusion whether one mark is deceptively similar to another, the broad and essential features of the two are to be considered. They should not be placed side by side to find out if there are any differences in the design and if so, whether they are of such character as to prevent one design from being mistaken for the other. It would be enough if the impugned mark bears such an overall similarity to the registered mark as would be likely to mislead a person usually dealing with one to accept the other if offered to him. In this case we find that the packets are practically of the same size, the colour scheme of the two wrappers is almost the same; the design on both though not identical bears such a close resemblance that one can easily be mistaken for the other. The essential features of both are that there is a girl with one arm raised and carrying something in the other with a cow or cows near her and hens or chickens in the foreground. In the background there is a farm house with a fence. The word “Gluko Biscuits” in one and “Glucose Biscuits” on the other occupy a prominent place at the top

with a good deal of similarity between the two writings. Anyone in our opinion who has a look at one of the packets today may easily mistake the other if shown on another day as being the same article which he had seen before. If one was not careful enough to note the peculiar features of the wrapper on the plaintiffs' goods, he might easily mistake the defendants' wrapper for the plaintiffs' if shown to him some time after he had seen the plaintiffs'. After all, an ordinary purchaser is not gifted with the powers of observation of a Sherlock Homes. We have therefore no doubt that the defendants' wrapper is deceptively similar to the plaintiffs' which was registered. We do not think it necessary to refer to the decisions referred to at the bar as in our view each case will have to be judged on its own features and it would be of no use to note on how many points there was similarity and in how many others there was absence of it." सत्यमेव जयते

24. To be precise for the purpose of articulating the manner in which I have done comparison of Ex.P-2 with suit TMs, it is to be stated that I saw suit TMs i.e., Ex.P-3, Ex.P-8 and Ex.P-1 in one go, took them away from the sweep of my eyes and little later, I saw the alleged offending mark i.e., Ex.P-2. I asked myself the question as to whether a man of average intelligence with imperfect recollection and ordinary prudence will be

lulled into the belief that Ex.P-2 is what he had seen earlier i.e., Ex.P-3, Ex.P-8 and Ex.P-1. To my mind, the answer is in the affirmative. In other words, the answer is an emphatic 'YES'.

25. Be that as it may, It is submitted that first defendant is processing rice and the second defendant is the stockist through whom products with offending marks are sold is plaintiff counsel's say. It is submitted that the line and channel of sale is the same and there is every likelihood of the end user being confused/deceived qua the suit TMs on one side and the offending trademark viz., Ex.P-2 on the other. In other words, it is submitted by the learned counsel that deception and passing off is not only highly probable but it is inevitable.

26. Learned counsel also submits that the plaintiff has been continuously using suit TMs from 1985 and he has set out the financial year wise turnover and advertisement expenditure made for each of the suit TMs. This has been articulated in paragraph 6 of the plaint and it reads as follows:

“6. The Plaintiffs have adopted various methods to promote their high quality product by introducing competition, and by circulating Trade literature and by circulating hand bills and by various other methods. The Plaintiffs rice has tremendous popularity for their brand Cow

and Elephant. The Trade and Public Associate these brands as an indication of origin of Plaintiffs rice. In view of the Plaintiffs extensive continuous and substantial sale by use of the marks tremendous reputation and good will had accrued and have been accruing to these two marks. The two marks have acquired great popularity among the trade, consumers and the general public. The turnover with respect to the use of their various varieties of rice sold with the Cow brand is given below from 1987 till 2002 along with expense incurred for each year for promotion.

FINANCIAL YEAR	SALES TURN OVER	EXPENSES
1987-1988	481663	744
1988-1989	735787	1956
1989-1990	1397229	1719
1990-1991	1354539	1148
1991-1992	1480792	633
1992-1993	362002	2031
1993-1994	257845	703
1994-1995	5683727	67943
1995-1996	9310844	112710
1996-1997	13923186	108771
1997-1998	8454505	61202
1998-1999	15093033	112699
1999-2000	17174798	120078
2000-2001	18921910	95551
2001-2002	21119707	110840

The turnover with respect to use of various varieties of rice sold with Elephant brand is given below from 1987-88 till 2002 along with expense income for each year for promotion.

FINANCIAL YEAR	SALES TURN OVER	EXPENSES
1987-1988	206427	319
1988-1989	315337	838
1989-1990	598813	737
1990-1991	580517	492
1991-1992	634626	271
1992-1993	155144	870
1993-1994	110505	301
1994-1995	2435883	29119
1995-1996	3990362	48304
1996-1997	5967080	46616
1997-1998	3623360	26230
1998-1999	6468442	48299
1999-2000	7360628	51462
2000-2001	8109390	40950
2001-2002	9051302	47502

27. To buttress and bolster, plaintiff's submissions regarding turnover and advertisement expenditure, plaintiff has marked a Certificate from plaintiff's Chartered Accountant dated 19.1.2003 as Ex.P-5.

28. To show that the defendants have been actually using the offending marks, two sales invoices have been marked as Ex.P-9 and Ex.P-10.

29. In this backdrop, I perused deposition of PW-1. To be noted, one P.Stalin, to whom this Commercial Division is informed is a

partner in the plaintiff firm, has deposed as PW-1. Also to be noted, plaint has been verified and signed by P.Stalin. A perusal of the deposition of PW-1 reveals that the same is cogent and convincing.

30. In the light of the narrative supra and in the light of all that have been set out supra, I am of the view the plaintiff has proved its claim/complaint with regard to passing off. This takes us to the prayer paragraph in the plaint, which is paragraph-13 and the same reads as follows:

'13. The Plaintiffs therefore pray for a Judgment and Decree for:-

(a) permanent injunction, restraining the defendants by themselves, their servants, agents, retailers, representatives or any other person claiming through them from in any manner manufacturing, processing, stocking, selling, advertising or offering for sale any kind of rice using the brand name Cow or the device of Cow in any manner or the use the same in relation to the sale of their rice and pass off their rice or rice product as the goods of the Plaintiffs and enable others to pass of;

(b) directing the defendants to render true and faithful accounts of the profits earned by them by the use of the impugned mark and directing such profits to be paid to the Plaintiffs for the passing

off committed by them;

(c) directing the defendants to surrender to the Plaintiffs all the bags, gunny bags, labels or any other printed matters containing or consisting of the impugned trademark together with blocks used for the purpose of printing the same for destruction;

(d) directing the defendants to pay to the Plaintiffs the costs of the suit; and

(e) pass such further or other orders, as this Hon'ble Court may deem fit and proper in the circumstances of the case and thus render justice.'

31. A perusal of plaint paragraph-13 shows that there are five sub paragraphs or in other words, five limbs of prayer. First limb is pertaining to passing off and in the light of the narrative supra, there shall be an injunction in favour of the plaintiff in terms of sub-paragraph (a) supra. In the light of the plaintiff, being entitled to decree qua sub-paragraph (a) supra, it follows as an inevitable sequitur that plaintiff is entitled to prayers as contained in sub-paragraphs (b) and (c), as they pertain to accounts and direction for delivery of offending material for destruction.

32. This takes us to the fourth limb of the prayer contained in sub-paragraph (a).

33. Learned counsel refers to the fifth limb of the prayer contained in sub-paragraph (e), which is the usual residuary limb and requests this Commercial Division to consider award of compensatory costs under Section 35-A of amended CPC as amended by the said Act, in the light of the conduct of the defendants.

34. Therefore, I am considering the prayer for costs i.e., sub-paragraph (d) and the plea made by learned counsel before me today for compensatory costs under Section 35-A of amended CPC under sub-paragraph (e) together. Trajectory of this suit has already been captured supra and the same has been alluded to supra. Conduct of the defendants is such that defendants have compelled the plaintiff to file the instant suit and have also compelled the plaintiff to carry the suit to its logical end over a period of 1-1/2 decades expending time, energy and effort.

35. To be noted, suit was presented on 13.2.2003. Carrying the suit through to its logical end of 1-1/2 decades means expending money, energy and effort. After service of suit summons, defendants could have come before this Court and averted this situation by taking a stand which could have been acceptable or if the defendants had a highly statable case, defendants could have defended the suit claim.

36. Without doing either one of the two, the defendants have left the plaintiff high and dry, compelling them to carryout this litigation over 1-1/2 decades as mentioned supra. Therefore, in the light of the conduct of the defendants and the trajectory this litigation has taken and in the light of the nature of the lis, I am convinced that this is a fit case for being decreed with costs and compensatory costs. Owing to all that have been set out supra, determinants/parameters for quantifying compensatory costs, I am of the view that compensatory costs of Rs.5 lakhs would be appropriate.

37. Suit decreed with costs and compensatory costs as set out supra.

29-11-2018

Index : Yes/No.

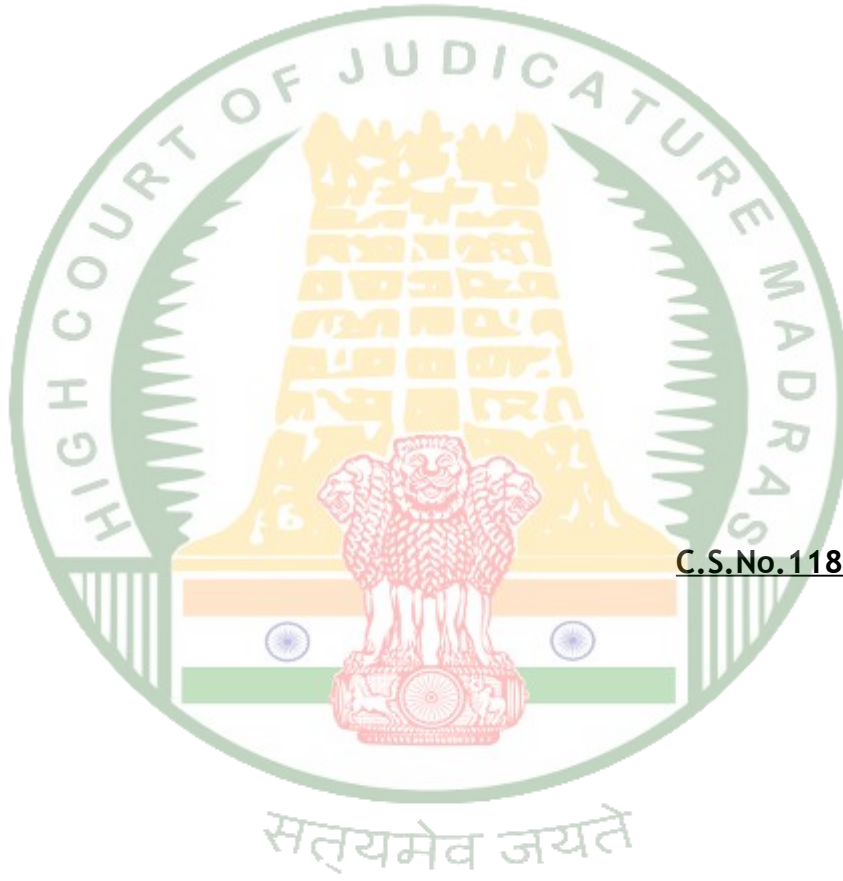
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Speaking Order

Svn

M.SUNDAR, J.

Svn



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