

IN THE HIGH COURT OF JUDICATURE AT MADRAS

Dated: **07.12.2018**

CORAM

THE HON'BLE MR.JUSTICE M.SUNDAR

C.S.No.305 of 2015

Hatsun Agro Product Ltd.,
Having registered office at,
No.1/20-A, Rajiv Gandhi Salai (OMR)
Karapakka, Chennai – 600 097
and also carrying on its business at,
Old No.AD-83/ New No.AD13,
Anna Nagar, Opp. IOB Towers Branch,
Chennai – 600 040.

.. Plaintiff

Vs.

ACB Enterprises,
16/26, Periyanaickenpalayam,
Coimbatore – 641 020.

.. Defendant

This Civil Suit is preferred, under Order VII Rule – 1 of Civil Procedure Code, 1908 Read with Order IV Rule 1 of High Court O.S Rules, and Sections 27, 28, 29, 134 and 135 of the Trade Marks Act, 1999 – suit for permanent injunction restraining the defendant by itself, its agents, servants or any one claiming through it from in any manner infringing the Plaintiff's Registered Trade Mark **ARUN** as described in the Schedule hereunder by using the offending Trade Mark **AARUN** or any other mark, label or device which is identical or deceptively similar to or a colourable imitation of the plaintiff's trade mark **ARUN**; for permanent injunction restraining the Defendant by itself, its servants or agents or anyone claiming through it from in any manner passing off its products as that of the Plaintiff's by using the offending trademark **AARUN** or any other trademark which is similar or deceptively similar to that of the Plaintiff's trademark **ARUN** either by manufacturing or selling or offering for sale or in any way advertising the same or in any other manner whatsoever; directing the defendant to surrender to the

plaintiff entire goods with the labels, packaging materials, stock of unused labels together with the blocks and dyes, name boards, sign-boards, stationery materials etc., containing the impugned mark **AARUN** for destruction; directing the defendant to render true and faithful account of the profits earned by it using the offending trademark **AARUN** and pay such profits to the Plaintiff as damages and for costs.

For Plaintiff : Mr.Prasana of M/s.APR Associates

For Defendants : set *ex-parte*

JUDGMENT

There is a sole plaintiff and a lone defendant in the instant suit.

2.This suit was filed in 2015, prior to the constitution/notification of Commercial Division. Suit has been placed before this Commercial Division by the Registry and therefore, in my considered opinion, it is necessary to first determine jurisdiction of this Commercial Division qua this suit, before dealing with the suit on merits.

3.Mr.Prasanna of M/s.APR Associates (Law Firm), on record for plaintiff draws my attention to proceedings of this Commercial Division dated 02.07.2018, which reads as follows:

'The suit had been filed under provisions of the

Trade Mark Act, seeking permission from infringement of the registered Trade Mark of the plaintiff by name ARUN, since, the defendant is said to be using the Trade name AARUN. The issues raised, comes within the Commercial Division of this Court, and consequently this Court has jurisdiction to examine the witness.

The Interim Order granted had been extended until further Orders, by order dated 19.06.2015. The defendant appears to have been served on 19.06.2015. The name and address of the defendant is printed in the cause list.

Office to put up a note whether any counsel had entered appearance on behalf of the defendant. For putting up such a note, call the matter again on 18.07.2018.

4.Elaborating on the same, learned counsel for plaintiff submits that this suit has been filed with a compliant of infringement of plaintiff's registered trademark and passing off qua plaintiff's trademark. Therefore, sub-section (1) of Section 134 of 'Trade Marks Act, 1999' (' TM Act' for brevity) will apply, is his say. Learned counsel also submits that in the light of suit itself being filed with complaints of infringement of trademark and passing off, this suit will qualify as a 'Commercial Dispute' within the meaning of sub-clause (xvii) of Section 2(1)(c) of 'The Commercial Courts

Act, 2015' ('said Act' for brevity). To be noted, sub-clause (xvii) of Section 2(1)(c) of said Act, reads as follows:

'(xvii) intellectual property rights relating to registered and unregistered trademarks, copyright, patent, design, domain names, geographical indications and semiconductor integrated circuits'

5. Learned counsel submits that this suit is clearly a 'Commercial Dispute' within the meaning of Section 2(1)(c)(xvii) of said Act and as Section 134(1) of TM Act operates, this Commercial Division will exercise jurisdiction under first proviso of Section 7 of said Act. To be noted, when this Commercial Division exercises jurisdiction under first proviso to Section 7, 'specified value' aspect is of no relevance is his further say.

6. In the light of aforesaid submissions made by learned counsel for plaintiff, this Commercial Division perused the plaint and there is no difficulty in accepting the submissions of learned counsel with regard to jurisdiction of this Commercial Division qua this suit. This Commercial Division will exercise jurisdiction over this suit under first proviso to Section 7 of said Act in the light of Section 2(1)(c)(xvii) of said Act read with Section 134(1) of TM Act.

7. Jurisdiction thus determined.

8. Having determined jurisdiction, it is necessary to capture the trajectory of this suit. This suit has been presented in this Court on 09.04.2015. Suit summons was duly served on the sole defendant, but no one entered appearance. In other words, sole defendant did not choose to come before this Court in any other manner. Learned counsel points out that two interlocutory applications with prayers for interim injunctions pending suit, namely O.A.Nos.408 and 409 of 2018, particularly with regard to injunctive reliefs qua infringement of trademark and passing off were taken out, interim orders were granted on 15.04.2018 and the same were made absolute on 29.04.2018.

9. Be that as it may, as the sole defendant did not enter appearance and did not chose to come before this Commercial Division in any other manner, sole defendant was set *ex parte* and the suit was placed before learned Additional Master III for recording *ex parte* evidence. This is vide proceedings of this Commercial Division dated 18.07.2018, which reads as follows:

'The jurisdiction of this Court was determined on 02.07.2018. The name and address of the defendant has been printed in the cause list. There is no representation either in person or through counsel. The defendant had been served on 09.06.2015 nearly three years back.

2. It is clear that he had decided not to participate in

the proceedings. The defendant is set ex-parte.

3. The plaintiff/witness for the plaintiff is directed to appear before the learned Additional Master No.III, for recording evidence on 24.07.2018. After recording evidence, the matter is to be posted before this Court. '

10. Pursuant to the aforesaid proceedings, *ex parte* evidence was recorded before learned Additional Master III on 06.09.2018. One Mr.P.Sivasakthivel, whom this Commercial Division is informed is Officer-Legal of the plaintiff company deposed as PW1 and thirty documents, namely Exs.P1 to P30 were marked on behalf of the plaintiff and the suit is now before this Commercial Division for arguments.

11. Having determined jurisdiction and having captured the trajectory of this suit, it is necessary to go into the plaintiff averments.

12. Referring to the plaintiff averments, learned counsel for plaintiff submits that plaintiff is India's largest Private sector company in food industry and has been in the industry for more than four decades. Learned counsel submits that plaintiff has established Dairies in at least 10 locations with state-of-art facilities, international knowhow with personnel of sound expertise and

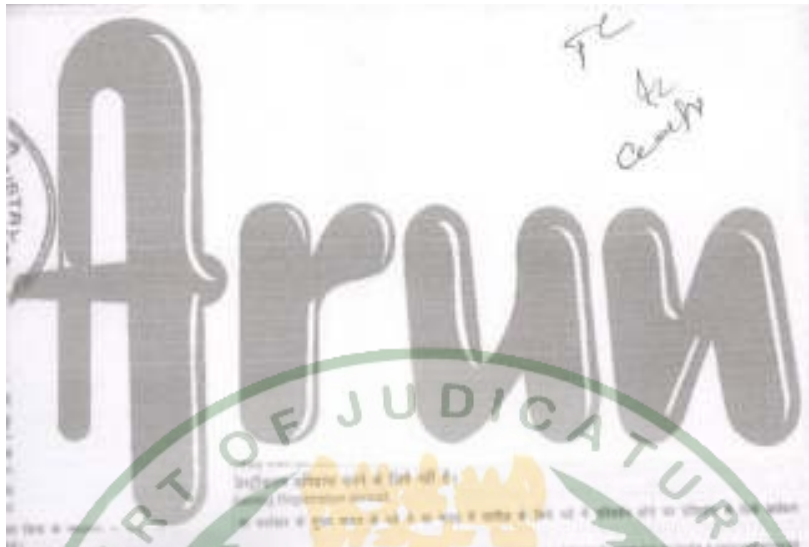
experience in field in all Dairies. Learned counsel for plaintiff submits that plaintiff is into dairy products like ice creams, dairy whitener, skimmed milk power, AGMARK Certified Ghee, Butter, Cooking Butter, milk, varieties of curd, paneer and butter milk. Learned counsel for plaintiff submits that plaintiff has very assiduously built its mark 'Arun' (hereinafter referred to as 'suit TM' for brevity) not only by hard work and maintaining high quality and high hygiene standards, but also by expending promotional expenses.

13. Be that as it may, learned counsel for plaintiff submits that plaintiff has several trademark registrations in its favour and according to learned counsel for plaintiff those which are of relevance in the instant suit are 14 in number. These trademark registration certificates (to be noted Legal Use Certificates) have been marked as Exs.P2 to P15. Though all the trademark registrations are of relevance, learned counsel submits that trademark registration certificates qua suit TM which are of utmost relevance are Ex.P9 and Ex.P13. 14 trademark registration certificates, which have been marked as Exs.P2 to P15 are as follows:

S.No	Trademark	Class	Filing Date	Number	Status	Exhibits
1	ARUN	30	09/06/1982	391526	Registered	Ex.P2

S.No	Trademark	Class	Filing Date	Number	Status	Exhibits
2	ARUN ICE CREAMS	30	29/05/1997	756404	Registered	Ex.P3
3	ARUN ICE CREAMS (Tamil Label)	30	20/01/2003	1167736	Registered	Ex.P4
4.	ARUN ICE CREAM	30	30/01/2006	1417525	Registered	Ex.P5
5.	ARUN ICE CREAM	30	30/01/2006	1417526	Registered	Ex.P6
6.	ARUN	32	30/01/2006	1417527	Registered	Ex.P7
7.	ARUN ICE CREAMS	30	30/01/2006	1417528	Registered	Ex.P8
8.	ARUN	29	30/01/2006	1417529	Registered	Ex.P9
9.	ARUN FAMILY	30	06/06/2006	1459477	Registered	Ex.P10
10.	ARUN ICE CREAMS UNLIMITED	42	06/10/2008	1740571	Registered	Ex.P11
11.	ARUN ICE CREAMS UNLIMITED	35	06/10/2008	1740572	Registered	Ex.P12
12.	ARUN	29	28/01/2013	2467722	Registered	Ex.P13
13.	ARUN	30	28/01/2013	2467723	Registered	Ex.P14
14.	ARUN	32	28/01/2013	2467725	Registered	Ex.P15

14. To be noted, suit TM, as depicted in the relevant Trade mark registration certificate (Ex.P9) is as follows: [this is serial No.8 in tabular column supra].



15. Ex.P13 is registration of word mark 'ARUN' and this is serial No.12 in the tabular column supra. While Ex.P9 label is for Milk, Milk Powder, Butter, Butter Milk, Ghee, Cheese, Curds, Yoghurt, Dairy Whitener, Milk Beverages (Predominantly Milk) and other Milk and Dairy Products, Ex.P13 word mark is for Milk and Dairy Products, Milk Shakes and Milk Beverages, Butter, Cheese, Curds, Yoghurt, Dairy Whitener; preserved, dried and cooked fruits and vegetables.

16. Learned counsel submitted that sometime in February 2015, plaintiff came to know that the defendant is using a similar mark on the similar products with same channel of sale and vending. Similar products, according to learned counsel for plaintiff, is Milk beverages. In this regard, learned counsel submits that suit

TM of plaintiff, as registered in the aforesaid TM registration certificates, particularly Ex.P9 and P13 is depicted in a particular manner and the depiction has been marked as Ex.P29. Ex.P29 is as follows:



17. The alleged offending mark used by the defendant has been marked as Ex.P30. This consists of four different depictions and therefore, ideally 'Ex.P30' should have been marked as 'Ex.P30 series'. Therefore, this Commercial Division rechristens 'Ex.P30' as 'Ex.P30 series'. Depictions in Ex.P30 series are as follows:

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18. Before I compare the rival marks, it is necessary to look into the plaint averments wherein the plaintiff has given financial year wise break up of annual turnover and promotional expenses for financial years preceding the suit/plaint. Specific annual turnover and the promotional expenses with the suit TM Arun alone as articulated in the plaint is as follows:

Financial Year	Annual Turnover (In Lakhs of Rs.)	Promotional Expenses (in Lakhs of Rs.)
2014-15 (till Nov' 14)	11, 719.56	791.77
2013-14	13,538.17	996.61
2012-13	10,360.24	633.73
2011-12	11,090.51	985.07
2010-11	9,149.61	808.71
2009-10	7,654.15	695.36
2008-09	5,635.95	382.70
2007-08	4,495.38	539.15
2006-07	4,052.89	534.12

19. Before I compare the two marks, it may be necessary to look at the other exhibits. Exs.P16 and P17 are certificates from Auditors, which buttresses the aforesaid figures, which have been set out in tabular form. Exs.P18 to P26 are certificates from Quality Control Authorities, which have been marked for establishing plaintiff's high quality hygiene and standard. Ex.P27 is pertaining to plaintiff's advertisement and Ex.P28 pertains to channel of sale and

the wide distribution network, which the plaintiff has. Exs.P29 and P30 have already been alluded to supra. Ex.P1 is the true copy of a Board Resolution dated 18.10.2016 authorizing PW1-P.Sivasakthivel to depose on behalf of plaintiff. The details of exhibits in a tabular form is as follows:

Exhibit No.	Description
Ex.P1	True copy of Board resolution dated 18.10.2016
Ex.P2	True copy of the Entry in Register of Trade Marks relating to Registered Trade Mark No.391526 in Class 30 dated 27.08.2018
Ex.P3	True copy of the Entry in Register of Trade Marks relating to Registered Trade Mark No.756404 in Class 30 dated 27.08.2018
Ex.P4	True copy of the Entry in Register of Trade Marks relating to Registered Trade Mark No.1167736 in Class 30 dated 27.08.2018
Ex.P5	True copy of the Entry in Register of Trade Marks relating to Registered Trade Mark No.1417525 in Class 30 dated 27.08.2018
Ex.P6	True copy of the Entry in Register of Trade Marks relating to Registered Trade Mark No.1417526 in Class 30 dated 27.08.2018
Ex.P7	True copy of the Entry in Register of Trade Marks relating to Registered Trade Mark No.1417527 in Class 32 dated 27.08.2018
Ex.P8	True copy of the Entry in Register of Trade Marks relating to Registered Trade Mark No.1417528 in Class 30 dated 27.08.2018
Ex.P9	True copy of the Entry in Register of Trade Marks relating to Registered Trade Mark No.1417529 in Class 29 dated 27.08.2018
Ex.P10	True copy of the Entry in Register of Trade Marks relating to Registered Trade Mark

Exhibit No.	Description
	No.1459477 in Class 30 dated 27.08.2018
Ex.P11	True copy of the Entry in Register of Trade Marks relating to Registered Trade Mark No.1740571 in Class 42 dated 27.08.2018
Ex.P12	True copy of the Entry in Register of Trade Marks relating to Registered Trade Mark No.1740572 in Class 35 dated 27.08.2018
Ex.P13	True copy of the Entry in Register of Trade Marks relating to Registered Trade Mark No.2467722 in Class 29 dated 27.08.2018
Ex.P14	True copy of the Entry in Register of Trade Marks relating to Registered Trade Mark No.2467723 in Class 30 dated 27.08.2018
Ex.P15	True copy of the Entry in Register of Trade Marks relating to Registered Trade Mark No.2467725 in Class 32 dated 27.08.2018
Ex.P16	True copy of Chartered Accountant's Certificate for sales turnover in respect of the mark ARUN dated 02.01.2005
Ex.P17	True copy of Chartered Accountant's Certificate for sales promotion expenses in respect of the mark ARUN dated 02.01.2005
Ex.P18	True copy of Quality Certificate ISO 22000 in the year 2005
Ex.P19	True copy of Certificate of Quality ISO 9001 in the year 2008
Ex.P20	True copy of Certificate of Food Safety Management ISO 22000 in the year 2005
Ex.P21	True copy of certificate of Environmental Management Standard ISO 14001 in the year 2004
Ex.P22	True copy of Food Safety Systems certificate ISO 22000 in the year 2005.
Ex.P23	True copy of Certificate of Quality Management System ISO 9001 in the year 2008

Exhibit No.	Description
Ex.P24	True copy of certificate by BIS
Ex.P25	True copy of certificate by Food Safety and Standards Authority of India dated 11.04.2012.
Ex.P26	True copy of various certificates given by Governmental Authorities towards erection and running of plaintiff's manufacturing units.
Ex.P27	True copy of Advertisements in respect of the mark ARUN
Ex.P28	True copy of list of distribution channel of the plaintiff's product ARUN.
Ex.P29	True copy of packaging label of the plaintiff.
Ex.P30	True copy of photograph of defendant's bottle containing infringing mark.

20. I have perused deposition of PW1. Deposition of PW1 is cogent and convincing. This Commercial Division now embarks upon the exercise of comparing the rival marks, particularly Exs.P29 and P30 which have been scanned and reproduced supra. Essential features of the mark and depiction of the mark have been copied. The products are same and the channel of sale is almost identical. The litmus test adopted for comparison is the test laid down in the celebrated judgment of Hon'ble Supreme Court in **Parle Products (P) Ltd. Vs. J.P. and Co., [(1972) 1 SCC 618]**. The relevant portion in Parle Judgment is paragraph 9 and the same reads 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. "

21. To articulate and elaborate a little more on this, the test as applied by this Commercial Division is, Ex.P29 and the registered marks of plaintiff were seen, taken away from sweep of the eyes and little later, Ex.P30 was seen. The question as to whether a man of average intelligence with imperfect recollection and ordinary prudence will be lulled into the belief that what he is seeing now (Ex.P30) is what he saw earlier (Ex.P29) was posed to itself by the Court. In the considered opinion of this Commercial Division, the answer is in the affirmative. It is not only in the affirmative, but it is emphatic and it is a monosyllabic 'yes'. Therefore, this Commercial Division comes to the conclusion that there is a clear case of infringement qua suit TM and passing off. Also to be noted, Parle principle has been subsequently referred with affirmation by

Hon'ble Supreme Court as late as in the year 2000 in **S.M.Dyechen Vs. Cadbury (India)** reported in **(2000) 5 SCC 573**.

22. This takes us to the prayer paragraph in the plaint. Prayer paragraph in plaint is Paragraph No.32 and the same reads as follows:

'32. The Plaintiff therefore prays for judgment and decree:

*a. For permanent injunction restraining the defendant by itself, its agents, servants or any one claiming through it from in any manner infringing the Plaintiff's Registered Trade Mark **ARUN** as described in the Schedule hereunder by using the offending Trade Mark **AARUN** or any other mark, label or device which is identical or deceptively similar to or a colourable imitation of the plaintiff's trade mark **ARUN**;*

*b. For permanent injunction restraining the Defendant by itself, its servants or agents or anyone claiming through it from in any manner passing off its products as that of the Plaintiff's by using the offending trademark **AARUN** or any other trademark which is similar or deceptively similar to that of the Plaintiff's trademark **ARUN** either by manufacturing or selling or offering for sale or in any way advertising the same or in any other manner whatsoever;*

*c. Directing the defendant to surrender to the plaintiff entire goods with the labels, packaging materials, stock of unused labels together with the blocks and dyes, name boards, sign-boards, stationery materials etc., containing the impugned mark **AARUN** for destruction; d. Directing the defendant to render true and faithful account of the profits earned by it*

*using the offending trademark **AARUN** and pay such profits to the Plaintiff as damages;*

e. Directing the Defendant to pay to the plaintiff the cost of the suit;

f. Grant such further or other orders as this Hon'ble Court may deem fit and proper under the circumstances of the case.'

23. A perusal of the prayer paragraph will reveal that there are 6 limbs of prayer, which have been set out as sub-paragraphs (a) to (f) of Paragraph 32. As sub-paragraphs (a) and (b) pertain to injunctive reliefs qua trademark infringement and passing off, in the light of narrative supra, plaintiff has proved its claim and the plaintiff is entitled to a decree in terms of sub-paragraphs (a) and (b) of prayer paragraph. It follows as a necessary sequitur that plaintiff is entitled to relief of surrender of offending materials and accounts as contained in sub-paragraphs (c) and (d). With regard to sub-paragraph (e), which is for costs, learned counsel requests this Commercial Division to consider this along with sub-paragraph (f), which is the usual residuary limb of a prayer. Learned counsel requests this Commercial Division to consider awarding compensatory costs under Section 35-A of CPC as amended by said Act under sub-paragraph (f). It is pointed out that suit itself was presented in this Court on 10.04.2015 after learning about the use of the offending mark by the defendant in February 2015. The

defendant was duly served with suit summons, but the defendant did not choose to come before this Commercial Division and contest the matter or put across a case if they had a statable case at all. This left the plaintiff with necessity of carrying this litigation for more than 3 ½ years expending time, energy and money. Learned counsel, therefore, submits that the conduct of the defendant, viewed in the light of the trajectory of this suit, it becomes a fit case for awarding compensatory costs. It is also pointed out by learned counsel that amended Section 35-A of CPC is now such that there is no upper limit or cap for awarding compensatory costs.

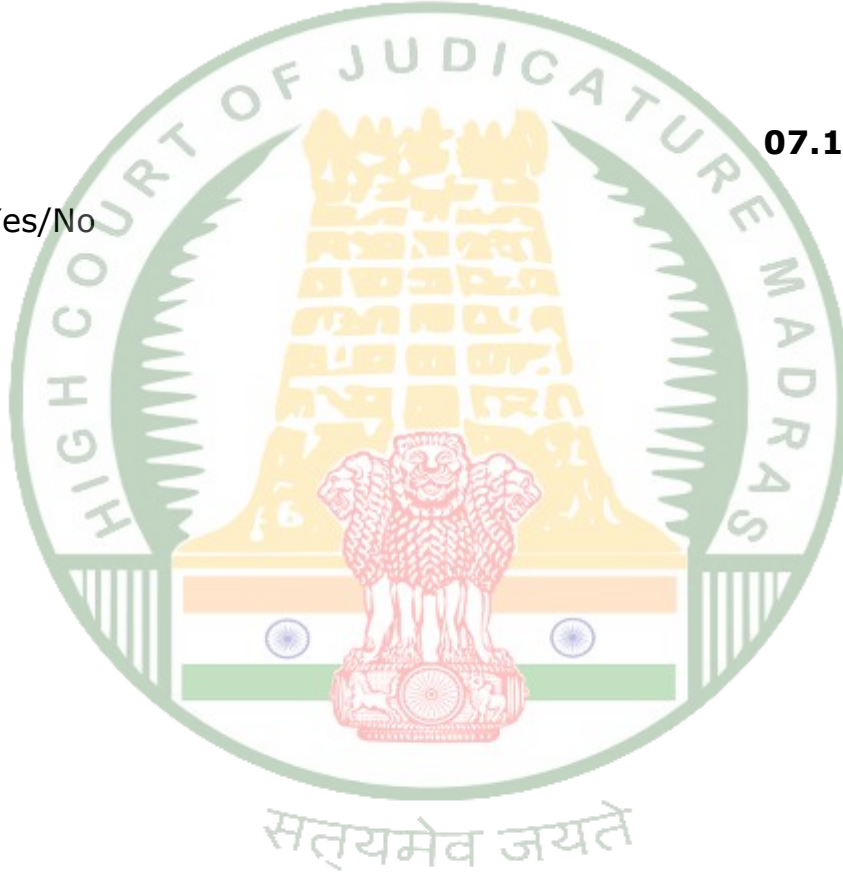
24. In the light of all that have been set out supra, there is no doubt in the mind of this Commercial Division that plaintiff is not only entitled to costs, but is also entitled to compensatory costs. Compensatory costs of Rs.5 Lakhs would be appropriate in a case of this nature considering all the determinants / parameters, namely nature of lis , period for which it had to be carried to its logical end and possible profits the defendant could have made. All these aspects are coupled with the conduct of the defendant in receiving suit summons and not choosing to come before this Court.

Owing to all that have been set out supra, this suit is decreed with costs and compensatory costs of Rs.5 Lakhs. Consequently, all interlocutory applications are closed.

07.12.2018

Index : Yes/No

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M.SUNDAR, J.

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