

IN THE HIGH COURT OF JUDICATURE AT MADRAS

RESERVED ON: 14.03.2018

DELIVERED ON: 26.07.2018

CORAM:

THE HONOURABLE MS.JUSTICE INDIRA BANERJEE, CHIEF JUSTICE
and

THE HONOURABLE MR.JUSTICE ABDUL QUDDHOSE
O.S.A.Nos.260 to 262 of 2015

ITC Limited
ITC Centre, 4th floor,
760, Anna Salai,
Chennai - 600 002
rep by its Constituted Attorney
Mr.Nripendranath Thakur ... Appellant/Plaintiff

Vs.

Golden Tobacco Limited,
6th Floor, Laxmi Bhavan,
609, Mount Road,
Chennai - 600 006. ... Respondent/Defendant

Prayer in all the appeals: Original Side Appeal filed under Order XXXVI Rule 1 of the OS Rules r/w section 15 of the Letters Patent, against the common order 7th December 2015 made in O.A.No.1069 of 2015 in C.S.No.801 of 2015 on the file of Original Side of this Court, against the common order 7th December 2015 made in O.A.No.1070 of 2015 in C.S.No.801 of 2015 on the file of Original Side of this Court and against the common order 7th December 2015 made in O.A.No.1071 of 2015 in C.S.No.801 of 2015 on the file of Original Side of this Court.

For Appellant : Mr.P.S.Raman, SC
for Mr.Arun C.Moha

For Respondent : Mr.Sathish Parasaran, SC
for M/s.T.Poornam

COMMON JUDGMENT

ABDUL QUDDHOSE, J.

These appeals filed by the plaintiff in the suit being C.S.No.801 of 2015 are against an order dated 07.12.2015, passed by the learned Single Judge, dismissing three interlocutory

applications filed by the plaintiff in the said suit, being O.A.Nos.1069, 1070 and 1071 of 2015.

2.The appellant plaintiff who claims to be the proprietor of the registered trademark GOLD FLAKE filed the above mentioned suit against the respondent for inter alia a permanent injunction restraining the respondent from manufacturing, selling and distributing, advertising cigarettes or other allied and cognate goods which amount to passing off the goods of the respondent as the goods of the appellant plaintiff; a permanent injunction restraining the respondent from committing acts of copyright infringement by making substantial reproduction of the appellant plaintiff's copyright in the GOLD FLAKE labels by use of identical and / or deceptively similar colour scheme; damages and other consequential reliefs.

3.According to the appellant plaintiff, the respondent has adopted the words GOLD FLAKE and has copied the same hinge type pack as the appellant plaintiff with layout, colour scheme, design and get up identical to the appellant plaintiff's pack and infringed its trademark only to mislead consumers into believing that the impugned products are of the appellant plaintiff or that the cigarettes of the respondent have some connection with cigarettes of the appellant plaintiff and thereby trade upon the immense goodwill of the appellant plaintiff and the reputation and popularity of its products.

4.In the suit, three interlocutory applications namely, OA Nos.1069 of 2015, 1070 of 2015 and 1071 of 2015 were filed by the appellant plaintiff. O.A.No.1069 of 2015 was filed for an injunction against copyright infringement. O.A.No.1070 of 2015 was filed for an injunction restraining the respondent defendant from manufacturing, selling, distributing, advertising cigarettes or other allied cognate goods by infringement of the appellant plaintiff's registered Trademark in violation of the undertaking given in C.S.No.477 of 1990 and C.S.No.478 of 1990 and the consent decree passed in C.S.Nos.477 of 1990 and 478 of 1990 pending disposal of the suit. O.A.No.1071 of 2015 was filed for injunction restraining the respondent defendant from manufacturing, selling, distributing, advertising cigarettes or other allied cognate goods passing the same off as the goods of the appellant plaintiff.

5.The learned Single Judge dismissed all the three applications by a common order dated 07.12.2015, against which these appeals have been filed. Since the appeals arise out of a common order, they were heard together and are being disposed of by a common judgment.

6.Mr.P.S.Raman, learned Senior Counsel for the appellant plaintiff submitted that the appellant plaintiff is the prior and honest user of the trademark GOLD FLAKE. He submitted that the appellant plaintiff has continuously and extensively been using the mark GOLD FLAKE since 1905. The appellant plaintiff has secured multiple trademarks registration for the GOLD FLAKE mark. He drew the attention of this Court to the trademark registration certificates for the appellant plaintiff's label as well as the specific registration obtained under Section 17 of the Trademarks Act, 1999, for the GOLD FLAKE device which is a component of the appellant plaintiff's registered label.

7.Mr.Raman submitted that the dominant theme underlying the GOLD FLAKE trade dress for the purpose of the suit consist of the following:

- (a) Presence of roundel device
- (b) Use of red colour for the roundel device.
- (c) The trademark GOLD FLAKE encased inside the roundel device.
- (d) GOLD FLAKE written in black lettering.
- (e) Use of golden-black-red colour combination.

8.Mr.Raman submitted that the respondent's brands are Panama, Chancellor and Viceroy. GOLD FLAKE brand never figured in the website of the respondent. The respondent started manufacturing cigarettes and came into the market in the year 1979, whereas the appellant plaintiff has been using the Trademark GOLD FLAKE since 1905 and their predecessor in interest, was in the market even prior to 1905.

9.Mr.Raman argued that a comparison of the appellant plaintiff's GOLD FLAKE cigarette pack with the impugned cigarette pack of the respondent makes it apparent that the respondent has come very close to the appellant plaintiff's label by copying the artistic works of the appellant plaintiff over which the appellant plaintiff owns copyright. The respondent's GOLD FLAKE cigarette pack and its trade dress are identical or deceptively similar to the appellant plaintiff's GOLD FLAKE cigarette pack and the trade dress, which has caused great confusion amongst the consumers and the trade, apart from diluting the brand equity in the Plaintiff's intellectual property.

10.Mr.Raman argued that use by the respondent defendant of the label similar to that of the appellant plaintiff is in violation of the undertaking given to this Court in the memorandum of compromise, which formed part of the decree in the year 2003, passed by this Court in C.S.Nos.477 of 1990 and 478 of 1990. The impugned respondent defendant's packet is almost a replica of the appellant plaintiff's packet. The label/dress, the type of packet, (i.e.,hinge-type), the colour scheme, the placement of figures on the label, the usage of the red roundel device, colour scheme, font size and the style of lettering are the same.

11.Mr.Raman submitted that the Registrar of Trademarks while deciding the distinctiveness of the mark GOLD FLAKE in a proceeding between the appellant plaintiff and the respondent defendant held that the appellant plaintiff is the prior user and the prior registered proprietor and has also held that the mark GOLD FLAKE is distinctive of the appellant plaintiff's goods. It is not open to the trade nor has become common to the trade. The opposition of the respondent defendant to the appellant plaintiff's application for registration of the GOLD FLAKE label has been rejected by the Deputy Registrar of Trademarks.

12.Mr.Raman drew the attention of this Court to paragraph Nos.54 and 55 of the order passed by the Deputy Registrar of Trademarks, Calcutta in Golden Tobacco Company Limited vs. ITC Limited, reported in 1992 (12) PTC 73, which reads as follows:

"54.As I have already held that the words "GOLD FLAKE" are distinctive to the applicants' goods and it is neither open to the trade nor has become common to the trade, besides, expression "W.D. & H.O. Wills" is validly remaining on the label and no disclaimer or deletion is called for, the opponents' objections arising under Sections 9(1), 11(a), 11(e) and 17(1) (b) are not sustained.

55.As the applicants are prior user and also holding prior registration of "GOLD FLAKE" labels under Registered Trade Marks Nos.7678, 110438 and others with which the instant application is associated, they are entitled, registration of the impugned trade mark under section 33 read with section 12(3) of the Act. Hence, opponents' objections arising under Section 12(1) and 12(3) are also not sustained."

13.Mr.Raman submitted that the appellant plaintiff's trademark GOLD FLAKE has a very high reputation and immense good will. The public associate the trademark GOLD FLAKE only with the appellant plaintiff. He drew the attention of this Court to the sales figures of the appellant plaintiff's GOLD FLAKE and submitted that for the year 2014 - 2015, the sales figures was Rs.16,486 crores and for the year 2012 - 2013 to August 2015 it was Rs.58,632 crores. According to him, such tremendous sale is demonstrative of the appellant plaintiff's vast goodwill in its GOLD FLAKE mark.

14.Mr.Raman pointed out that there is a history of prior litigation between the parties and the respondent defendant is a constant infringer. He submitted that under the Trademarks Act, 1940, which was the first statutory law on trademarks in India, various persons applied for registration of marks for which they had no use/intention to use. The respondent defendant had also applied for a label mark containing the words Diamond India GOLD FLAKE, which was registered with effect from 1954. This label was very different from the label now used by the respondent defendant, being the subject matter in the present suit.

15.Mr.Raman submitted that the respondent defendant attempted to ride upon the appellant plaintiff's goodwill in its mark GOLD FLAKE by introducing a label containing GOLD FLAKE, which was nearly identical to the appellant plaintiff's GOLD FLAKE packet. The appellant plaintiff was, therefore, constrained to file a suit before the Calcutta High Court numbered as Suit No.988 of 1979. The respondent defendant discontinued the use of the offending label even after filing of the suit.

16.Mr.Raman submitted that in 1990, the respondent defendant again attempted to replicate the appellant plaintiff's trade dress by copying the roundel device, colour scheme and placement of features of the appellant plaintiff's GOLD FLAKE mark. The appellant plaintiff filed two suits being C.S.Nos.477 and 478 of 1990 before this Court whereupon the respondent defendant was enjoined by the learned Single Judge from using the impugned labels till disposal of the suit and the said injunction was affirmed by the Division Bench of this Court on appeal.

17.Mr.Raman submitted that S.L.P. Nos.9119 and 9120 of 1991 filed by the respondent defendant against the injunction that was granted by the learned Single Judge of this Court and affirmed by the Division Bench of this Court on appeal, was dismissed as withdrawn on 07.09.1995.

18.In 2002, Suit No.988 of 1979 in Calcutta High Court was settled and the said suit was decreed by an order dated 24th June

2002 in terms of which the respondent defendant had inter alia agreed not to use the label/ marks which were subject matter of said suit or any mark deceptively similar to the said labels/marks. The respondent defendant was however, allowed to use the label registered under Trademark No.347870.

19.Subsequently, in 2003, a memorandum of compromise was entered into in the suits C.S.Nos.477 and 478 of 1990 and decrees were passed by this Court in terms thereof on 18.07.2003 and 27.06.2003 by which, the respondent defendant had inter alia agreed not to use the offending labels/marks which were the subject matter of the said suit or any mark deceptively similar to the said labels/marks.

20.Since there was an injunction granted in favour of the appellant plaintiff in C.S.Nos.477 and 478 of 1990, the respondent defendant did not use the mark GOLD FLAKE from 1990 to 2003 when the suit was decreed in terms of the memorandum of compromise.

21.Mr.Raman submitted that the respondent defendant has not used the mark GOLD FLAKE as an honest and bonafide user. The respondent defendant has used it clandestinely, solely to ride upon the goodwill of the appellant plaintiff in its trademark GOLD FLAKE. In ITC Limited Vs. NTC Industries Limited, reported in 2015 (64) PTC 244 (Bom), which was a similar case of infringement of trademark filed by the appellant plaintiff, the Bombay High Court observed that the omission of the rival mark 'National GOLD FLAKE' from the Annual Reports and website of the Respondent therein could lead to only two possibilities: "either NTC's so-called use of 'National GOLD FLAKE' was insufficient or even non-existent, or, alternatively, it was kept clandestine to fly below ITC's radar." The case of the respondent defendant is similar in nature wherein the respondent defendant has adopted the same strategy for infringing the appellant plaintiff's Trademark GOLD FLAKE.

22.Mr.Raman then drew our attention to paragraph No.6 of the counter statement of the respondent defendant in the original application and submitted that the respondent defendant has admitted that only in September 2015 changes were incorporated in the get up of the packets/cartons in which the cigarettes manufactured by the respondent defendant were shown as Golden's GOLD FLAKE. Therefore, according to Mr.Raman, between 2010 and 2015, the respondent defendant has not used the mark GOLD FLAKE. According to Mr.Raman, the respondent defendant has failed to show honest, regular, open and bona fide use of the Trademark "Golden's GOLD FLAKE".

23.Mr.Raman then drew our attention to the impugned order of the learned Single Judge and submitted that the learned Single Judge did not consider relevant materials but considered only extraneous matters, which are not relevant for deciding the issues on hand. Mr.Raman submitted that the impugned order did not take into account the order of the learned Single Judge of this Court dated 24.07.1990 in C.S.Nos.477 and 478 of 1990 and especially the following observations contained therein:

(a)Marks are remembered by general impressions or some significant detail rather than by photographic recollection of the whole.

(b)When the two marks are placed side by side, may exhibit various differences, yet the main idea left on the mind by both may be the same.

(c)A person acquainted with one mark and not having the 2 marks for a side by side comparison, might well be deceived into believing that he is dealing with the goods he is acquainted with.

(d)The presence of overall similarity is sufficient between the 2 marks.

(e)The Respondent having sold previously cartons with a different trade dress have recently started selling cartons with a trade dress resembling those of the Appellant showing it is malafide intent.

(f)It is inconceivable that a normal person would not be misled by the Respondent's adoption.

(g)Merely because the defendant has used the word 'Goldens' it cannot be said that it is a distinguishing factor that may be kept in the mind of the purchasing public.

24.Mr.Raman further contended that the impugned order of the learned Single Judge also did not take into account the order dated 05.12.1991, passed by the Division Bench of this Court in O.A.Nos.134 and 135 of 1990, which confirmed the order of the learned Single Judge dated 24.07.1990 and came to the same conclusion that there is a deceptive similarity as to the overall impression of the two sets of marks.

25.Mr.Raman referred to the orders passed in the previous suits and the Division Bench order dated 24.07.1990 and submitted that the defences raised in the present suit are the same as that of the previous two suits in the year 1979 and 1990. This Court has already considered the defences in the earlier suits between the parties and has given its decision that the appellant plaintiff is the honest and prior user of the Trademark GOLD FLAKE.

26.Mr.Raman referred to the following observations of the learned Single Judge "Both the applicant and the respondent are trading with a mission to promote cancer ...Since the product is cigarette, it would not be possible to deceive or confuse even a man of average intelligence and imperfect recollection. A consumer having taken a conscious decision or determined to become the cancer patient and he is using only the brand marketed by the Applicant, it would not be possible for a rival manufacturer like the Respondent to cause confusion and sell its brand by deception" and submitted that they are irrelevant and extraneous observations unnecessarily for deciding the instant dispute.

27.Mr.Raman then submitted that prima facie case is in favour of the appellant plaintiff to grant an order of injunction which according to him, was over looked by the learned Single Judge. He submitted that the orders passed by the Deputy Registrar of Trademarks, the non-disclosure of GOLD FLAKE in the website of the Defendant, the long usage of the Trademark by the appellant plaintiff ever since 1905, the sales figure and the decrees passed in C.S.Nos.477 and 478 of 1990 point to the fact that the prima facie case is in favour of the appellant plaintiff for the grant of an order of injunction.

28.Mr.Raman further contended that respondent defendant is a chronic and habitual infringer and they are always in the habit of not showing a safe distance from the appellant plaintiff's Trademarks/labels in their cigarette pack labels. Mr.Raman drew our attention to safe distance rule laid down by the 6th Circuit Court in the U.S. in the matter of Innovation Ventures LLC vs. N2G Distributing, Inc. (763 F. 3d 524 (6th Cir. 2014),12-1635). While dealing with a chronic and a habitual infringer, the U.S. Court held as follows:

"The Safe Distance Rules gives courts a particularly useful tool in crafting and enforcing permanent injunctions. Once a party infringes on another's trademark or trade dress, the confusion sowed "is not magically remedied" by de minimis fixes. Id. At 779." "Instead, the confusion lingers, creating the need for the infringer not only to secure a new non-infringing

name (or other infringing characteristic) for his product, but one so far removed from any characteristic of the plaintiff so as to put the public on notice that the two are not related." Id. In contempt proceedings, the Safe Distance Rule" reliev[es] the reviewing court of the need to retry the entire range of issues that may be relevant in an infringement action for each small variation the defendant makes to the enjoyed mark." PRL USA Holdings, Inc. v. U.S. Polo Ass'n, Inc., 520 F.3d 109,118 (2d Cir.2008). If the law were otherwise, an enjoined party"could simply make a tiny change and start a new trademark contest all over again in the context of the contempt hearing as to use of the 'new' format." 5 McCarthy on Trademarks and Unfair Competition 30:21 (4th ed.2013).

The Safe Distance Rule is thus a well accepted part of the court's remedial toolkit."

29.Mr.Raman submitted that the balance of convenience is also in favour of the Appellant. According to Mr.Raman, the respondent defendant has failed to show honest, continuous, bonafide use of the mark GOLD FLAKE. The Respondent has other marks like Panama and Chancellor under which the Respondent continues to sell its goods. History of prior litigation shows that whenever the Defendant attempted to use the GOLD FLAKE mark, they attempted to come close to the appellant plaintiff's well known GOLD FLAKE trade mark label. According to Mr.Raman, 87 years of usage by the Defendant is unsubstantiated without any documentary evidence and there has only been sporadic and malafide use by the Defendant against which the Appellant has been continuously diligent in taking infringement action successfully.

30.Mr.Raman further contented that the dishonest intention of the Defendant is further confirmed by their attempt to illegally trade upon the goodwill of the appellant plaintiff's various other brands like Golden Wills, GOLD FLAKE, Golden Bricol, Golden Classic, Golden Capstan, Golden Captan and Golden Scissor.

31.Mr.Raman further contented that no other trademark/ brand used by the Defendant have Golden's as a prefix excepting the infringed Trademark. Hence, according to Mr.Raman, the arguments that the Golden's is sufficient to distinguish the appellant plaintiff's and the Defendant's brands is fallacious.

32.Mr.Raman then submitted that irreparable injury will be caused to the appellant plaintiff if the respondent defendant is allowed to use the Trademark GOLD FLAKE. According to Mr.Raman, the appellant plaintiff has tremendous goodwill and reputation in its brand GOLD FLAKE which has been used honestly and continuously by the appellant plaintiff and their predecessors in interest since the year 1905. The same was considered favourably while granting an order of injunction in favour of the appellant plaintiff by the learned Single Judge of this Court in C.S.Nos.477 and 478 of 1990 and confirmed in appeal by the Division Bench of this Court.

33.Mr.Raman then contented that the Defendant has not given plausible explanation in its proceeding as to how it arrived at the stylistic elements contained in the impugned Trademark. Mr.Raman also contends that the Defendant has not renewed Application Nos.164653 (Diamond India GOLD FLAKE), 316648 (GOLD FLAKE label), 347869 (GOLD FLAKE label) and 354742 (GOLD FLAKE label) and the Defendant has allowed the registrations to lapse indicating their disinterest in their own marks.

34.According to Mr.Raman, the earlier judgments of this Court in C.S.Nos.477 and 478 of 1990 in O.A.Nos.134 and 135 of 1990 in considering striking similar circumstances and facts inter-se between the same parties, it was held that the class of customers would be misled by the Defendant's adoption of the mark GOLD FLAKE as they would not have the benefit of a side by side comparison. According to Mr.Raman, the given class of customers cut across all strata of society, the high degree of discernment sought to be imagined by the Defendant is entirely untrue. The Defendant has raised an identical defence in claiming that habitual smokers cannot be deceived, the Division Bench in O.A.Nos.134 and 135 of 1990 rejected the said defence. The Defendant's plea that the presence of the word Golden and not having the words Honey Dew and having some stylistic differences was likewise raised before the Division Bench in O.A.Nos.134 and 135 of 1990. This defence was also rejected in the earlier proceedings between the same parties. Mr.Raman then contended that the learned Single Judge has erred in holding that customers would ask only for Wills GOLD FLAKE while buying the cigarettes and not GOLD FLAKE and therefore, there is no deceptive similarity.

35.With regard to the contention of the Defendant that in view of a notification issued by the Government of India, the cigarette manufacturers are required to print the prescribed pictorial warning covering 85% of the both the sides of the pack, the cause of action in the present suit no longer

survives, Mr.Raman contended that the said stand is not correct. According to Mr.Raman, a Division Bench of the Karnataka High Court has already held that the said notification is ultravires and the issue is pending before the Hon'ble Supreme Court. The Hon'ble Supreme Court has granted stay of the said notification. However, since the issue is subjudice, the contention of the Defendant according to him is untenable. Mr.Raman further submitted that it is important to note that the impugned labels were deceptive even when made on 60% of the pack area. In the present scenario where the Trademarks will have to be made in 15% of the pack, it will be more deceptive and the consumers would not be able to distinguish the products of the appellant plaintiff and that of the respondent defendant.

36.With regard to the contention of the Defendant that the word GOLD FLAKE and the colours Gold and Red are not exclusive to the appellant plaintiff, Mr.Raman contended that such a contention is fallacious since in the prior proceedings between the same parties it was held that the word GOLD FLAKE and the colours Gold and Red are exclusive to the appellant plaintiff.

37.With regard to the contention of the Defendant that the Trademark GOLD FLAKE of the appellant plaintiff bearing Registration No.383514 has a disclaimer of the words GOLD FLAKE, Mr.Raman contended that the said disclaimer is erroneous and not binding as recorded by in the order of the Deputy Registrar Trademarks dated 06.01.1992 in Golden Tobacco Company Limited Vs. ITC Limited [1992(12)PTC 73] that the Applicants were not agreeable to the disclaimer of the words GOLD FLAKE and the application was treated as abandoned, however, due to inadvertence on part of the Registry, the same is appearing in the name of the Applicant. Mr.Raman finally concluded by submitting in view of the submissions made by him, the learned Single Judge has erred in dismissing the injunction applications despite the appellant plaintiff having made out a prima facie case, balance of convenience and irreparable injury in its favour. Mr.Raman also cited the following decisions in support of his submissions:

(1)2015 SCC Online Bom 4976 - ITC Limited v. NTC Industries Ltd.,

(2)AIR 1992 Mad 253 - G.T.C. Industries Ltd., Bombay vs. I.T.C. Limited.

(3)1992 (12) PTC 73 - Golden Tobacco Company Limited V. ITC Limited.

- (4) 2010-1-LW82 - Witco (India) Pvt. Ltd vs. Nitco
- (5) (2004) 3 SCC 90 - Midas Hygiene Industries P. Ltd. and Anr. vs. Sudhir Bhatia and Ors.
- (6) 2003 (27) PTC 478 (Del) - Colgate Palmolive Company And vs Anchor Health and Beauty Care Pvt.
- (7) AIR 1972 SC 1359 - Parle Products (P) Ltd vs. J.P. & Co. Mysore.
- (8) AIR 1974 Mad 7 - K.R. Chinnikrishna Chetty vs. K.Venkatesa Mudaliar and Anr.
- (9) AIR 2001 SC 1952 - Cadila Health Care Ltd. vs. Cadila Pharmaceuticals Ltd.
- (10) (2007) 6 SCC 1 - M/s.Heinz Italia & Anr vs. M/s.Dabur India Ltd.
- (11) 1974 ALL ER 142 - Regina vs. Hogan.
- (12) (2016) 2 SCC 683 - S.Syed Mohideen vs.P.Sulochana Bai.
- (13) 1997 (17) PTC 408 (DB) - Castrol Ltd. and Anr. vs. A.K.Mehta and anr. on 21 March, 1997.
- (14) 763 F.3d 524 (6th Cir. 2014), 12-1635 - Innovation Ventures, LLC v.N2G Distributing, Inc.
- (15) (1960) USCA2 465; 281 F.2d 755; 126 U.S.P.Q. 310 (29 July 1960) - Harold Ritchie Inc. v. Chesebrough - Pond's Inc.
16. Order dated 1st February 2010 passed by The Senior Examiner of Trade Marks, Kolkata in Opposition No.CAL57394.

38. Responding to the submissions made by Mr.P.S.Raman, Mr.Sathish Parasaran, learned Senior Counsel for the respondent defendant submitted that the use of the mark GOLD FLAKE by the Defendant was never in dispute earlier. Mr.Sathish Parasaran drew our attention to the Division Bench judgment of this Court reported in AIR 1992 Mad 253 in an earlier litigation between the same parties and submitted that the appellant plaintiff never raised any dispute as to the use of the mark GOLD FLAKE by the respondent defendant.

39.Mr.Sathish Parasaran drew our attention to the order of the Deputy Registrar (Trademarks) reported in 1992 (12) PTC 73 and submitted that GOLD FLAKE is common to the trade and many other cigarette manufacturers were using the mark GOLD FLAKE as seen from the order of the Deputy Registrar (Trademarks). Further, Mr.Sathish Parasaran contended that the right to use by the Defendant is acknowledged and acquiesced by the appellant plaintiff and the learned Single Judge in the impugned order has decided the issue by balancing the commercial scale.

40.Mr.Sathish Parasaran then drew our attention to the Trademark Registration Certificate dated 22.05.2014 and submitted that the disclaimer in the certificate clearly specifies that the Registration of the Trademark in favour of the appellant plaintiff will not give right to the exclusive use of the mark GOLD FLAKE by the appellant plaintiff. According to Mr.Sathish Parasaran, the registration obtained by the appellant plaintiff is for a composite mark and not for a word mark. The appellant plaintiff has not obtained Trademark registration for GOLD FLAKE as a word mark and hence not exclusively entitled to use the mark GOLD FLAKE which is not a distinctive mark.

41.Mr.Sathish Parasaran then drew our attention to the acknowledgment made by the appellant plaintiff in the plaint that the Defendant has also obtained Registration of the Trademark GOLD FLAKE on 12.07.1976. According to Mr.Sathish Parasaran, the Defendant has been using the mark GOLD FLAKE for more than 7 decades and one of its earlier applications filed before the Registrar of Trademarks relates to the Trademark "Diamond Indian GOLD FLAKE". Therefore, the appellant plaintiff is estopped from preventing the respondent defendant from using the mark GOLD FLAKE in its label.

42.Mr.Sathish Parasaran then drew our attention to the compromise decree passed by this Court in C.S.Nos.477 and 478 of 1990 and submitted that in the compromise decree there is no bar for the respondent defendant to use the mark GOLD FLAKE and therefore, the present suit is not maintainable.

43.Mr.Sathish Parasaran then submitted that excepting for the usage of the word GOLD FLAKE the trade dress of the respondent defendant is completely different from the trade dress of the appellant plaintiff. Even in the compromise decree passed by this Court in C.S.Nos.477 and 478 of 1990 will clearly establish that the respondent defendant was only restrained from using the mark containing the roundel device, intersecting rectangle, rectangular border line in red tarnished gold and white red band at the top of the pack in the case of regular size Filter Cigarettes. According to Mr.Sathish Parasaran, the present marks/packages of the Defendant are not in violation of

the compromise decrees as they do not contain any roundel device, intersecting rectangle, rectangular border line in red tarnished gold and white red band at the top of the pack. According to the learned Senior Counsel, the appellant plaintiff has falsely alleged that the respondent defendant undertook to use only the marks depicted at page 8 of the plaint.

44.Mr.Sathish Parasaran then drew our attention to the order of the learned Single Judge of the Calcutta High Court in GA.No.36 of 2011 in CS.No.3 of 2011 in the matter of ITC Limited vs. Crescendo Tobacco Agency and Anr. Even in that judgement, the Plaintiff did not raise any dispute as to the usage of the mark GOLD FLAKE by the respondent defendant. Further, even in the earlier order dated 23.03.2016 passed by this Court in the miscellaneous petitions filed in the instant Original Side Appeals, the appellant plaintiff did not raise any objection as to the usage of the mark GOLD FLAKE by the Defendant.

45.Mr.Sathish Parasaran then drew our attention to the Single Judge judgment of Delhi High Court dated 22.07.2017 in the case of Godfrey Phillips India Limited vs. P.T.I. Private Limited and Others reported in MANU/DE/5812/2017. Citing the proposition of law laid down by the Delhi High Court, Mr.Sathish Parasaran then contented that GOLD FLAKE is only a composite mark and no protection can be granted for GOLD FLAKE in favour of the appellant plaintiff.

46.Mr.Sathish Parasaran then drew our attention to the reasoning given by the learned Single Judge in the impugned order for rejecting the applications filed by the appellant plaintiff. According to Mr.Sathish Parasaran, the learned Single Judge rejected the applications for the following reasons:

(a)The Plaintiff expressed its willingness to permit the Defendant to use the mark which was indicated as annexure D to the memorandum of compromise.

(b)There is no dispute that the Plaintiff as well as the Defendant subsequent to the compromise decree in C.S.Nos.477 and 478 of 1990 made periodical changes to their trade dress and label. The labels which were the subject matter in C.S.Nos.477 and 478 of 1990 are not the same labels which are the subject matter of present suit. It is also not in dispute that both the parties have revised the labels and trade dress and altered the respective colours, colour combination periodically over these years. The get up of the boxes that are

presently being used by the Plaintiff would show that the entire packaging is embossed in light gold colour. The designs that are embossed in the light gold colour vary from packet to packet. The packets also contain a mark of star which is prominently placed at the top of the pack (hinge-type) and at the bottom the word Honey Dew is found printed. Below this there is a roundel device and on the top the words W.D. and H.O. Wills and at the bottom Honey Dew is found printed in gold letter in a red background, in which it has been prominently written in a gold background. The Defendant's package is dark gold in colour on plain card board which is not embossed like that of the Plaintiff with its insignia "coat of arms" at the top of the flap below which prominently displayed are the words goldens and below that between a tilted pyramid of red and gold combination, which in no manner can be construed a rectangle, are the words "GOLD FLAKE" written in black and below that are the words "Special Filter" with vertical lines, that now have been replaced by the statutory warnings displayed. According to him, these distinguishing features and combination of colours that are found in the Defendant's packs, when viewed across the counter or across the bar would apparently show that there is no deception or visual similarities with that of the Plaintiff's label and trade dress.

(c) It is not in dispute that both the Plaintiff and Defendant secured Trademarks registration in relation to the mark GOLD FLAKE. The Plaintiff and the Defendant in their respective affidavits have indicated the total sales turnover of cigarettes under the mark GOLD FLAKE. The Plaintiff has been selling Wills GOLD FLAKE. The Defendant has on the other hand is selling Golden's GOLD FLAKE. According to him, there is no deceptive similarity between the Plaintiff's label and the Defendant's label.

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47. The products in question are cigarettes. The purchaser of cigarettes are normally accustomed to smoking and they would be in a position to identify the brand easily. The purchaser of cigarettes would be familiar with the package and it would be very difficult to deceive him by giving a cigarette manufacturer by a different company. In case, the purchaser is using the

cigarette manufactured by the Applicant, he would ask for Wills GOLD FLAKE and not just GOLD FLAKE. By giving the above mentioned reasons, the learned Single Judge rejected the applications filed by the appellant plaintiff. According to Mr.Sathish Parasaran, the reasons given by the learned Single Judge are plausible reasons if the appellant plaintiff wants to prove it otherwise, the same can be decided only in the main suit after trial and not in interlocutory applications.

48.Mr.Sathish Parasaran further contented that the learned Single Judge has correctly considered the comparative strength of the rival claims. Mr.Sathish Parasaran referred to the decisions of the Hon'ble Supreme Court in the case of Gujarat Bottling Co. Ltd. Vs. Coca Cola Co. and Others reported in 1995 (5) SCC 545 (at page 574) and Cadila Health Care Limited vs. Cadila Pharmaceuticals Ltd. reported in 2001 (5) SCC 73 (at page 87) and submitted that applying the principles laid down in the said decisions apart from the balance of convenience, the comparable strength of the rival claims must also be considered by the Court. According to Mr.Sathish Parasaran, the learned Single Judge has rightly considered the comparative strength of the rival claims and only thereafter dismissed the injunction applications filed by the Appellant.

49.According to Mr.Sathish Parasaran, the order of the learned Single Judge is not arbitrary, capricious, or perverse and therefore, the proposition of law laid down in the case of Wander Ltd. and Another vs. Antox India P. Ltd reported in 1990 (Supp) SCC 727 will apply to these appeals. In that judgment, the Hon'ble Supreme Court held that 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, capriciously or perversely. Mr.Parasaran also placed reliance in the case of ITC Limited vs. Crescendo Tobacco Agency & Another reported in 2011 (3) CHN 238 wherein the Calcutta High Court while dealing with the matter relating to an infringement of Trademark, had gone into issue of distinctiveness in patterns belonging to the parties and had at paragraph No.15 of the said order decided the issue pertaining to alleged deception based on colour combinations.

50.With regard to the allegations made by the appellant plaintiff that the respondent defendant had been surreptitiously marketing its product containing the mark GOLD FLAKE, Mr.Parasaran submitted that being cigarettes there is a

statutory embargo from active promotion and marketing. The Defendant at the place of purchase or point of purchase affixed POP posters pertaining to Cigarettes. These posters depict the colour combination, get up and/or the design of the Cigarette packets along with price charged per pack or per piece. Copies of the advertisements as well as invoices raised for the preparation and printing of the said posters had been filed by the Defendant which would vouch safe for the fact that the Defendant sales the product only in open market while abiding by the restrictions in placed by law in relation to marketing of its product namely cigarettes.

51.Further, Mr.Parasaran also contented that the in the interim order dated 23.03.2016, passed by this Court in the instant appeals, the Court had recorded the major aspect of the packaging of the Defendant which disturbs the appellant plaintiff. This Court has recorded the submissions of the learned Senior Counsel for the appellant plaintiff, that it was issue of the rectangle at the top, the red lines and the golden colour used in the small packets. Therefore, the usage of the mark GOLD FLAKE by the Defendant was never in dispute. Without prejudice to the above submissions, it was also submitted, matters between the parties also continues to be pending before the intellectual property Appellate Court whose outcome continues to be awaited.

52.In the light of the above submissions, it was submitted that order passed by the learned Single Judge of this Court does not call for any interference and has to be upheld.

53.In reply to the submissions made by Mr.Sathish Parasaran, Mr.P.S.Raman, learned Senior Counsel for the Appellant submitted the following:

(a) The reason for the disclaimer in the cigarette pack of the Appellant is clearly explained in the order of the Deputy Registrar of Trademarks. The Deputy Registrar of Trademarks has made a categorical observation that the Plaintiff are prior user and also holding prior registration of GOLD FLAKE labels. The disclaimer in the cigarette pack was agreed to by the Plaintiff before the Deputy Registrar of Trademarks only to avoid any further delay in the registration of the word mark Honey Dew in the GOLD FLAKE Cigarette pack of the Plaintiff.

(b) As regards the usage of GOLD FLAKE by other brands. Mr.P.S.Raman, submitted that National Tobacco Company earlier had infringed the Plaintiff's Trademark GOLD FLAKE and now they have been enjoined from using the Trademark GOLD FLAKE

by order of the Bombay High Court.

(c)He submitted that the Plaintiff has got the sanctity to use the mark GOLD FLAKE ever since 1905 and the same has been pleaded in the plaint. There is no explanation given by the Defendant as to how they have come close to the Plaintiff's Trademark. The plea of discerning customers was earlier rejected by a learned Single Judge of this Court in C.S.Nos.477 and 478 of 1990, which was confirmed by the Division Bench. According to the him, the Plaintiff has made out a prima facie case and balance of convenience in its favour for the grant of an order of injunction and irreparable loss will be caused if the injunction is not granted by this Court.

III.Discussion:

54.Both the appellant plaintiff and the respondent defendant are cigarette manufacturers in the business for a long period of time. The instant appeals filed by the appellant plaintiff are directed against the dismissal of three interlocutory applications before the learned Single Judge of this Court. O.A.No.1069 of 2015 was filed for an injunction against copyright infringement. O.A.No.1070 of 2015 was filed for an injunction restraining the Defendant from manufacturing, selling, distributing, advertising cigarette or other allied cognate goods amounting to infringement of the appellant plaintiff's registered Trademark in violation of the undertaking given by the Defendant in C.S.No.477 of 1990 and C.S.No.478 of 1990 and the consent decree passed in C.S.Nos.477 of 1990 and 478 of 1990. O.A.No.1071 of 2015 was filed for injunction restraining the Defendant from manufacturing, selling, distributing, advertising cigarette or other allied cognate goods amounting to passing off.

55.It is well settled principle of law as laid down by the Hon'ble Supreme Court in the case of Wander Ltd. and Another vs. Antox India P.Ltd reported in 1990 (Supp) SCC 727 that the Appellate Court cannot interfere with the exercise of discretion by the Court of first instant and substitute its own discretion except where the discretion has been shown to have been exercised arbitrarily, capriciously or perversely or where the Court had ignored the settled principles of law regulating grant or refusal of interlocutory injunctions.

56.This Court, therefore, needs to first examine whether the exercise of discretion in dismissing the applications filed by the appellant plaintiff was in accordance with the settled

principles of law or not. An infringement action may be where there is a violation of specific property right acquired under and recognized by the statute. In other words, an action for infringement may be filed in case of infringement of a registered trade mark. In a passing-off action, however, the appellant plaintiff's right is independent of such a statutory right to a trademark and is directed against any imitation which is deceptive. Passing-off is said to be a species of unfair trade practice by which one person, through deception, attempts to obtain an economic benefit of the reputation which another has established for himself in a particular trade or business. The action is against deceit. The tort of passing off involves misrepresentation made by a trader to his prospective customers calculated to injure, as a reasonably foreseeable consequence, the business or goodwill of another which actually or probably, causes damage to the business or goods of the other trader.

57. The foundation of the suit filed by the appellant plaintiff against the respondent defendant is that the respondent defendant has committed breach of its undertaking given under the compromise decree dated 18.07.2003 and 27.06.2003 passed in C.S.Nos.477 and 478 of 1990 in a similar trademark dispute between the same parties. In the suit being C.S.No.801 of 2015 which has given rise to these appeals, the dominant theme underlying the GOLD FLAKE trade dress of the appellant plaintiff consists of:

- (a) the roundel device.
- (b) use of red colour for the roundel device.
- (c) the trademark GOLD FLAKE encased inside the roundel device.
- (d) GOLD FLAKE written in black lettering.
- (e) Use of golden black red colour combination.

58. The learned Single Judge while rejecting the interlocutory applications filed by the appellant plaintiff gave the following findings:

- (a) There is no dispute that the applicant being the appellant plaintiff as well as the respondent defendant, subsequent to the compromise decree in C.S.Nos.477 and 478 of 1990 made periodical changes to their trade dress and label. The document found in page 236 of the typed set of papers contained the GOLD FLAKE label which is a recent variant of the applicant. The recent variant of the GOLD FLAKE label of the respondent defendant is also found in the typed set of papers. It is clear that in this suit the applicant, that is the appellant plaintiff, is not complaining against the labels which were the subject matter of C.S.Nos.477 and 478 of 1990. It is also not in dispute that both the parties have revised their labels, trade dress

and altered the respective get up and colour combination of the packs periodically over these years.

(b) The Applicant has produced its recent variant of packets with the GOLD FLAKE labels in which their cigarettes are sold. Similarly, labels of the Respondent were also produced for comparison. The get up of the box presently being used by the Applicant would show the entire packaging is in an embossed light gold colour. The designs that are embossed for over this light gold colour vary from packet to packet, depending on the type of cigarettes sold in the respective packets. The packets also a "star", which is prominently placed at the top of the hinge, and below that the words "HONEY DEW BLEND" is found printed. Below this, there is a roundel device inside which words "W.D. and H.O. Wills" are printed at the top and the words "Honey Dew" have been printed at the bottom with gold lettering in a red background, in between which the words GOLD FLAKE have been prominently printed in a gold background.

(c) The Respondent's package is dark gold in colour, on plain card board which is not embossed, with its insignia "coat of arms" at the top of the flap below which, prominently displays of the word "GOLDEN'S" is prominently displayed. The word "GOLD FLAKE" is written within a rectangular space of red and gold combination. The word "SPECIAL FILTER" is written below. The other packets of the Respondent would show that those are in light yellow in colour, where again within the rectangular spaces of red and gold are the word "GOLD FLAKE" written in black, and below that the word "SPECIAL FILTER" and 5 perpendicular lines drawn are in red in the form of a unique design.

(d) It is not in dispute that both the Applicant and the Respondent secured trademark registration in relation to the mark GOLD FLAKE. The Applicant and the Respondent in their affidavits have indicated the total sales turnover of cigarette manufacturer under the mark GOLD FLAKE. The Applicant has been selling WILLS GOLD FLAKE. The Respondent on the other hand is selling under its brand name GOLDEN'S GOLD FLAKE.

(e) The products in question are cigarettes. The purchaser of cigarettes are normally accustomed to smoking. They would be in a position to identify the brand easily. The purchaser of cigarettes would

be familiar with the package and it would be very difficult to deceive them by giving a cigarette manufactured by a different company. In case, the purchaser is using the cigarette manufactured by the Applicant, he would ask for WILLS GOLD FLAKE and not just GOLD FLAKE. The Applicant is having a major share in the market. The products of the Applicants would be purchased by identifying it as WILLS GOLD FLAKE and not exactly on account of the colour combination or its pack.

59. Based on the above findings, the learned Single Judge was of the view that by coming out with a label "GOLDEN'S GOLD FLAKE", prima facie, the Respondent had neither infringed the trademark of the appellant plaintiff nor violated the undertaking given in C.S.Nos.477 and 478 of 1990 and further held that the respondent defendant was also prima facie, not guilty of passing off.

60. GOLD FLAKE is a well known mark associated with cigarettes. The appellant plaintiff has given details of the trademark registrations of the trade mark GOLD FLAKE secured by the appellant plaintiff in India. The earliest registration dates back to 11.11.1942. In all the registered Trademarks, the dominant theme underlying the GOLD FLAKE trade dress of the appellant plaintiff are:

- (a) Presence of roundel device.
- (b) Use of red colour for the roundel device.
- (c) The Trademark GOLD FLAKE encased inside the roundel device.
- (d) GOLD FLAKE written in black lettering.
- (e) Use of golden black red colour combination.

61. It is not disputed by the respondent defendant that major brands associated with the respondent defendant are only PANAMA, CHANCELLOR AND VICEROY brands. As pointed out by learned Senior Counsel for the appellant plaintiff Mr. Raman, the GOLD FLAKE brand does not figure in the website of the respondent defendant.

62. The contention of the appellant plaintiff that the respondent defendant started manufacturing cigarettes and came into the market only in the year 1979, whereas the appellant plaintiff has been using the trademark GOLD FLAKE since 1905 and its predecessor-in-interest was in the market even prior to 1905 has not been disputed by the respondent defendant in its pleadings.

63. It is thus clear that the appellant plaintiff is the prior user of the words GOLD FLAKE which is one of the elements

of the trademark registrations obtained by the appellant plaintiff since 1942, the details of which are disclosed in the plaint.

64. In the impugned order, the learned Single Judge has not given any finding as to who is the prior user of the trademark which should have been one of the essential requirements for deciding the injunction applications. The appellant plaintiff is not only the registered proprietor of a trademark in which the words GOLD FLAKE are prominent, the appellant plaintiff is indisputably a prior user of the trademark. The previous suits C.S.Nos.477 and 478 of 1990 before this Court were filed by the appellant plaintiff against the same respondent defendant for infringement and passing off and the dominant theme over which the appellant plaintiff claimed exclusivity in those suits is almost identical to the dominant theme in these proceedings.

65. The previous suits C.S.Nos.477 and 478 of 1990, were compromised between the parties. In the compromise decree dated 18.07.2003 passed in C.S.No.477 of 1990, the respondent defendant has given an undertaking to the Court that it will not use the label and mark being Annexure "D" to the plaint or any mark similar to it or any marks similar to the labels of the appellant plaintiff being Annexure "A" and "B" to the plaint. It was also recorded in the compromise decree that the respondent defendant is entitled to use the mark being Annexure "C" to the plaint.

66. Similarly in the compromise decree dated 27.06.2003, passed by this Court in C.S.No.478 of 1990, the Defendant has given an undertaking to this Court that it will not use the label and mark being Annexure "D" to the plaint or any mark similar to it or any mark similar to the label of the appellant plaintiff's mark as depicted in Annexures "A", "B" and "C" to the plaint. As per the aforesaid compromise decree, the Defendant was barred from using the following labels.

67. The different labels were produced before us. The distinguishing features of the labels which the Defendant was barred from using in the previous suits C.S.Nos.477 and 478 of 1990 under the compromise decrees are almost identical to the distinguishing features of the labels in respect of which the present infringement, copyright and passing off action has been instituted by the appellant plaintiff against the Defendant. The labels in Annexure "D" of the plaint in both the previous suits also contain the following features:

68. Roundel device with intersecting rectangle with the words GOLD FLAKE written across, the presence of three stars, the colour scheme and the rectangular border lines in strips of

red and tarnished gold.

69. There are striking similarities between the labels which the respondent defendant was barred from using under the compromise decrees in the previous suits and the labels which are the subject matter of the present infringement suit C.S.No.801 of 2015 between the same parties, in that there is roundel device, the use of red colour for the roundel device, the trademark GOLD FLAKE encased inside the roundel device and the golden, black and red colour combination.

70. The learned Single Judge failed to examine this crucial aspect and has not properly analyzed and compared Annexure "D" of the plaint in C.S.Nos.477 and 478 of 1990 with that of the offending labels of the respondent defendant in the instant suit being C.S.No.801 of 2015. If the learned Single Judge had compared and analyzed the labels found in Annexure "D" of the plaint in C.S.Nos.477 and 478 of 1990 and the offending label in the instant suit objectively, the similarities in the distinguishing features in the appellant plaintiff's label and the infringed label of the respondent defendant, would have been noticed. This Court is constrained to observe that the learned Single Judge has not compared the labels being the subject of the compromise decrees passed on 18.07.2003 and 27.06.2003 in C.S.Nos.477 and 478 of 1990 with the offending labels in the present suit, before passing the impugned order.

71. On a Google search of the word GOLD FLAKE in the internet, the following details about GOLD FLAKE were found from Wikipedia:

(a) GOLD FLAKE: is a classic Indian brand that has been in the market for over a century. Starting off as a cigarette with a heritage, this brand has many variants that across price points. It is sold in various varieties, including GOLD FLAKE KINGS (84mm), GOLD FLAKE KINGS LIGHTS (84mm), GOLD FLAKE AND GOLD FLAKE LIGHTS. This brand is owned, manufactured and marketed by ITC Limited.

(b) History: GOLD FLAKE was produced by the Bristol company of W.D. & H.O. Wills, from 1901 part of Imperial Tobacco. "GOLD FLAKE" refers to cigarettes made using bright rich golden tobacco. After 1912, the biggest change in the brand was in 1971 with the introduction of GOLD FLAKE KINGS, followed up with the launch of GOLD FLAKE KINGS LIGHTS in 1999.

(c) ITC in India: ITC launched the brand GOLD FLAKE in India in the sixties. The source of the positioning of GOLD FLAKE can be traced back to its early days. In the seventies, Indian people

aspired to be honourable and gentle. The lifestyle of the upper class was what the customers aspired for.

The initial ads positioned the cigarette as a companion. It targeted adult male SEC A category smokers. It was meant to be a cigarette for the elite and the rich - the gracious people of India. It did not differentiate itself specifically from other brands. Advertising emphasized this comparison to gold. The statement "For the gracious people" summed the core of the brand.

After the introduction of lights as a category, the brand introduced the positioning of Honeydew Smooth - giving the brand a recognizable differentiator, this positioning was backed by the dew drop symbol. With smoothness being the biggest claim the brand used symbols like the silk scarf, feather, paint brush, violin, marble vase, hour glass, and shell as visuals to reiterate and associate back with smoothness.

After this, the brand reinvented its image and positioning with a new campaign that moved away from the well-established Honeydew campaign. This was the Go smooth campaign. The campaign was successful in connecting to the GOLD FLAKE consumer and retaining the long-standing loyalty.

Marketing: Many poster advertisements have been made for GOLD FLAKE cigarettes, especially in India.

In the early 1900s, two characters by the names of "Mr Gold" and "Mr Flake" were introduced to promote the GOLD FLAKE brand in the United Kingdom. The characters were used for about 30 years and were popular, but it did not help the sales of the brand and GOLD FLAKE was discontinued for a short period of time.

Markets: GOLD FLAKE is mainly sold in India. It was exported to Canada, Jamaica, Ireland, the United Kingdom, the Netherlands, Germany, Switzerland, Egypt, South Africa, the Palestinian territories, Nepal, Pakistan and Malaysia.

Sponsorship: GOLD FLAKE was the main sponsor of the GOLD FLAKE Open tennis tournament from 1997 until 2001. It was an ATP tennis tournament held in Chennai, India. The tournament is now known as the Maharashtra Open. The tournament was held from April 6 to April 13. The event has attracted some of the best names in the tennis circuit since its inception and the number of repeat players bears testament to the popularity of the event.

72. It may be true that the information about GOLD FLAKE gathered from Wikipedia may not be an authentic source but the same may be looked into when there is no authentic contra evidence placed on record by the respondent defendant. Further

some of the factual information about GOLD FLAKE gathered from Wikipedia are pleaded in the plaint.

73. In Ponds India Limited (merged with H.L. Limited) vs. Commissioner of Trade Tax, Lucknow reported in (2008) 8 SCC 369, the Supreme Court observed:

"41. Wikipedia, like all other external aids to construction, like dictionaries, etc. is not an authentic source, although the same may be looked at for the purpose of gathering information. Where an express statutory definition of a word exists, a Wiki definition cannot be preferred. It cannot normally be used for the purpose of interpreting a taxing statute or classification of a product vis-a-vis an entry in the statute."

74. In view of the observation made by the Hon'ble Supreme Court in the judgment referred to above, the information gathered from Wikipedia can be accepted in the absence of evidence to the contrary. The respondent defendant has not specifically controverted the factual information about the respondent GOLD FLAKE brand given by the appellant plaintiff in the plaint. The Wikipedia information may therefore, be relied upon for deciding the interlocutory applications.

75. The respondent defendant who is also a large cigarette manufacturer whose major brands are PANAMA, CHANCELLOR and VICEROY and is in the business for several decades would have certainly known that appellant plaintiff is the prior user and owner of the brand GOLD FLAKE. Being a competitor and in order to dilute the appellant plaintiff's Trademark, the Defendant has come close to the Plaintiff's registered Trademark by copying the distinctive features of the Plaintiff's Trademark. The Defendant cannot use the word GOLD FLAKE in its label as the Plaintiff is the owner of the GOLD FLAKE brand.

76. The Defendant may have obtained registration of the Trademark DIAMOND INDIAN GOLD FLAKE on 12.07.1976 and for few other variants thereafter, but that will not enable the Defendant to use the mark GOLD FLAKE without the words Diamond Indian, as GOLD FLAKE brand is absolutely owned by the Plaintiff who is also the prior user and is having registration dating back to 11.11.1942. The Plaintiff may have acquiesced to the usage of DIAMOND INDIAN GOLD FLAKE and other sporadic registrations of its variants by the Defendant but that does not legally entitle the Defendant to use GOLD FLAKE for the cigarettes manufactured by it.

77. The Deputy Registrar of Trademarks, Calcutta in his order 6th January 1992 while rejecting the opposition petition filed by the Defendant has given a categorical finding that the

words "GOLD FLAKE" are distinctive to the Plaintiff's goods. Paragraphs 54 and 55 is the said finding of the Deputy Registrar of Trademarks and is reproduced hereunder:

"54.As I have already held that the words "GOLD FLAKE" are distinctive to the applicants' goods and it is neither open to the trade nor has become common to the trade, besides, expression "W.D. & H.O. Wills" is validly remaining on the label and no disclaimer or deletion is called for, the opponents' objections arising under Sections 9(1), 11(a), 11(e) and 17(1)(b) are not sustained.

55.As the applicants are prior user and also holding prior registration of "GOLD FLAKE" labels under Registered Trade Marks Nos.7678, 110438 and others with which the instant application is associated, they are entitled, registration of the impugned trade mark under section 33 read with section 12(3) of the Act. Hence, opponents' objections arising under Section 12 (1) and 12(3) are also not sustained."

The above referred order of the Deputy Registrar of Trademarks has not been challenged and it has become final. This will clearly establish that the ownership of the GOLD FLAKE brand is absolutely vested with the Plaintiff.

78.There is no plausible and convincing explanation given by the Defendant as to how they came to adopt the mark GOLD FLAKE. In absence of any satisfactory explanation by the Defendant, the adoption of the mark by them cannot prima facie, be regarded as honest and plea of delay and laches would be of no avail to them. As regards, acquiescence by the plaintiff, there is nothing to show in the materials available on record that has been a tacit or express assent by the Plaintiff to the Defendant's use of the mark GOLD FLAKE.

79.From the documents available on record, it is revealed that sales figures of the Plaintiff Trademark GOLD FLAKE for the year 2014 - 2015 was Rs.16,486 crores and from the year 2012 - 2013 to August 2015 it was Rs.58,632 crores whereas the Defendant sales figures as per its own admission in the counter affidavit is only Rs.479 lakhs for the year 2013-2014, Rs.1190 lakhs for the year 2014-2015 and Rs.636 lakhs for the first 6 months of the year 2015-2016 which is far below and negligible when compared to the sales figures of the Plaintiff. The sales figures demonstrates plaintiff's high reputation and goodwill in its Trademark GOLD FLAKE. These factors will conclusively establish that the Plaintiff is having the highest reputation and goodwill in respect of the mark GOLD FLAKE for a very long period of time. Excepting for some sporadic registrations of Trademark GOLD FLAKE and its variants that too only from 1976,

the Defendant has not been able to establish that it is an honest and concurrent user of the mark GOLD FLAKE and its distinguishing features for which the Plaintiff is the prior user and the absolute owner of the registered Trademark GOLD FLAKE and its distinguishing features. We agree with the contention of Plaintiff that Defendant has not used the mark GOLD FLAKE as an honest and bonafide user but has used it sporadically, clandestinely and solely to ride upon the goodwill of the Plaintiff in its Trademark GOLD FLAKE.

80. In ITC Limited Vs. NTC Industries Limited reported in [2015 (64) PTC 244 (Bom)], the Bombay High Court injuncted NTC Industries Limited from using the word NATIONAL GOLD FLAKE, since the Trademark GOLD FLAKE and its variants belonged exclusively to the Plaintiff.

81. The addition of the word GOLDEN'S to GOLD FLAKE will not legitimize the use by the defendant of the words GOLDEN'S GOLD FLAKE in its cigarette packet, as there is a clear finding by a learned Single Judge of this Court in the earlier proceedings namely C.S.Nos.477 and 478 of 1990 between the same parties that merely because the Defendant has used the word GOLDEN'S in its label, it cannot be said that it is a distinguishing factor that may be kept in the mind of the purchasing public. The order dated 24.07.1990 of the learned Single Judge in Application No.2554 of 1990, C.S.No.477 of 1990 was upheld by the Division Bench of this Court on 05.12.1991 in O.S.A.Nos.134 and 135 of 1990 and the SLP filed against the Division Bench judgement was also dismissed by the Hon'ble Supreme Court. The Defendant has failed to show honest, regular, open and bonafide user of the Trademark GOLDEN'S GOLD FLAKE. In passing the impugned order, the learned Single Judge has not considered the finding of this Court in the previous proceedings that the addition of the word GOLDEN'S to GOLD FLAKE will not entitle the Defendant to use the trade mark GOLDEN'S GOLD FLAKE for its brand of cigarettes.

82. With regard to the contention of the Defendant that in view of the notification issued by the Government of India that the cigarette manufacturers are required to print the prescribed pictorial warning covering 85% of the both the sides of the pack, the cause of action in the present suit no longer survives, we cannot agree with the said contention for the following reasons:

(a) The notification is under challenge and subjudice now pending before the Hon'ble Supreme Court.

(b) Assuming the notification is held to be valid by the Supreme Court, the usage of the word GOLDEN'S GOLD FLAKE and other distinguishing features of the Plaintiff Trademark by the Defendant, the infringement will become more prominent since there will be only 15% usage of space for advertisement of the

label. Hence, the argument that the suit has become infructuous in view of the notification is not acceptable to us.

83. The Deputy Registrar of the Trademarks by his order dated 06.01.1992 in Golden Tobacco Company Limited vs. ITC Limited reported in 1992 (12) PTC 73 has made it very clear that the disclaimer as regards usage of GOLD FLAKE found in the Trademark registration certificate is a mistake and is erroneous since the Plaintiff is the absolute owner of the Trademark GOLD FLAKE. The findings of the Deputy Registrar of Trademarks on this issue which is found in paragraph 44 of the order is reproduced hereunder:

"44. Mr. Nair further submitted at the hearing that the ITC itself in a prior application 383514 agreed to the disclaimer of the words "GOLD FLAKE". In reply to the arguments of Mr. Nair, the counsels for the Applicants submitted that through inadvertence a copy of unsigned, complete draft was sent to the Registrar by way of written arguments. The registrar acting on the aforesaid unsigned documents advertised the said trademark with disclaimer. Subsequently, the said application was treated as abandoned. Evidence filed also goes to show that the said application was treated as abandoned. Hence, it cannot be said that the applicants were agreeable to the said disclaimer of the words "GOLD FLAKE" as they themselves did not want to proceed with the registration of the said mark with disclaimer of the words "GOLD FLAKE" imposed by the Registrar."

84. Ordinarily under the law there can be only be one mark, one source or one proprietor. Ordinarily again, the right to use of a trade mark cannot have two origins. The Defendant is a competitor in cigarette manufacturing industry. The Plaintiff is a prior user and is having registration of its Trademark ever since 1942. Indisputably, one of the elements of all the Trademark registrations of the Plaintiff contain the name GOLD FLAKE. Even, according to Defendant, the first registration of its GOLD FLAKE brand was only in the year 1976. As observed earlier, the distinguishing features of the Plaintiff's Trademark has been copied by the Defendant, which includes the name GOLD FLAKE. As seen from the records, no license was granted by the Plaintiff to the Defendant for the usage of the mark GOLD FLAKE or other distinguishing features of its Trademark. Section 29(9) of the Trademarks Act, 1999 also makes it clear where distinctive elements of a registered Trademark consist of or included words, the Trademark may be infringed by the spoken use of those words as well as by the visual representation. For the reasons stated above, the Defendant has certainly committed infringement of the Plaintiff's Trademark by

copying the distinctive features including the name GOLD FLAKE. Therefore, the Defendant cannot seek protection just because the impugned label is a registered Trademark.

85. The Hon'ble Supreme Court in the case of N.R.Dongre and Others vs. Whirlpool Corporation and Another, reported in 1996 5 SCC 714 has upheld the grant of injunction in favour of Whirlpool Corporation in respect of the Trademark against the Defendant applying the principles of long prior usage of the Trademark Whirlpool by Whirlpool Corporation. In the case of Ramdev Food Products (P) Ltd. vs. Arvindbhai Rambhai Patel and Others reported in 2006 8 SCC 726, the Hon'ble Supreme Court has held as follows:

"Ordinarily under the law there can be only be one mark, one source or one proprietor. Ordinarily again, the right to user of a trademark cannot have two origins. A person cannot use a mark which would be deceptively similar to a registered trade mark. Registration of trade marks is envisaged to remove any confusion in the minds of the consumers. If, thus, goods are sold which are produced from two sources, the same may lead to confusion in the minds of the consumers. In a given situation, it may also amount to fraud on the public. A proprietor of a registered trade mark indisputably has a statutory right thereto. In the event of such use by any person other than the person in whose name the trade mark is registered, he will have a statutory remedy in terms of Section 29 of the 1958 Act. Ordinarily, therefore, two people are not entitled to the same trade mark, unless there exists an express license in that behalf."

86. Therefore, we are of the considered view that the Defendant cannot rely upon the disclaimer regarding usage of GOLD FLAKE contained in the Trademark registration certificate of the Plaintiff. The price variation between the Plaintiff's cigarette and impugned Defendant cigarette will also not aid the Defendant to retain the usage of its label, since the label of the Defendant is deceptively similar to the registered label of the Plaintiff. As held earlier, the Plaintiff is the exclusive proprietor of the mark GOLD FLAKE and hence, GOLDEN'S GOLD FLAKE which is deceptively similar will certainly deceive the customers into believing that GOLDEN'S GOLD FLAKE also belongs to the Plaintiff.

87. This Court by its earlier order dated 23.03.2016 in the miscellaneous petitions in the instant appeals recorded the modifications made to its labels by the Defendant subsequent to the filing of the appeals. The modifications made by the Defendant were not agreeable to the Plaintiff. The

miscellaneous petitions namely M.P.Nos.1, 1 & 1 and 2, 2 & 2 of 2015 in O.S.A.Nos.260, 261 and 262 of 2015 were dismissed and this Court while dismissing those applications, this Court observed that the observations made in the said order would not affect in any manner the final hearing of appeals and the trial in the suit. The learned Senior Counsel for the Appellant placed before us the modified cigarette packets of the Defendant subsequent to the filing of the appeals and subsequent to the issuance of the notification reducing the advertisement space in the cigarette packets. Both the labels of the Defendant continue to retain the name GOLD FLAKE, the roundel device and the colour scheme similar to the Plaintiff. In view of our finding that GOLD FLAKE and roundel device and the colour scheme has been copied by the Defendant, the order under challenge has to be reversed and the appeals will have to be allowed.

88. In deciding whether the defendant's mark is likely to cause confusion with the plaintiff's mark, it is for the Court to consider what marks are in common use by the trade as regards that particular class of goods and whether having regard to the marks which were in common use what was being done by the defendant is calculated to pass off their goods as the goods of the plaintiff.

89. In deciding whether the defendant's label is likely to deceive the intending purchasers, the eye of the Judge is, in the last resort, the final arbiter, but the Judge must look at the articles not with his own eyes but with the eyes of the public who may be expected to buy the goods.

90. The statute law relating to infringement of trade marks is based on the same fundamental idea as the law relating to passing off. The test as to likelihood of confusion or deception as a result of similarity of marks is the same both in infringement and passing off actions (Saville Perfumery v. June, reported in (1941) 158 RPC 147 (161) following in Rustom & Hornby v. Zamindara Engineering, reported in AIR 1970 SC 1649 (1651)).

91. In passing off action, it is also to be seen whether the defendant's mark or the get-up, packing etc. contain any additional features which distinguish it from the plaintiff's mark or goods and whether it is likely or reasonably probable that the defendant can pass off his goods as those of the plaintiff to a purchaser of average intelligence and imperfect memory or recollection.

92. The question for determination in an action for passing off by the use of a mark is whether the resemblance is likely to

deceive. The products frequently remembered by general impression than by a particular feature and it is sufficient if deception is likely to arise, as held in Colgate v. Patton, reported in (1978) RPC 635 (645).

93. Precedents have firmly established that the persons to be considered are all of those who are likely to be the purchasers provided they use ordinary care and intelligence. It must not be assumed that a very careful or detailed examination will be made for on a "side by side" comparison. In addition to the nature of the goods or business, the class of purchasers or customers, the degree of similarity between the trade marks, get-up or relevant circumstances. In the instant case, the goods are the same that is cigarette. Cigarette smokers are likely to be persons with average intelligence possessing ordinary memory who are not likely to make a detailed examination of the packages before purchase.

94. It is also important to remember that the motive of the defendant is not important. Irrespective of whether there is an intention to deceive if there is a likelihood of deception, the Court would intervene to strike the possibility of the deception.

95. Where the plaintiff and the defendant are engaged in a common field of activity and there is a strong prima facie case of passing off, the Court would intervene to pass orders of injunction as prayed for even if there is a delay on the part of the plaintiff in approaching the Court. No person, however, on his intention has any right to carry on business by encroaching on the goodwill of others and passing off their products as those of others.

96. Therefore, this Court is of the considered view that the reasoning given by the learned Single Judge for dismissing the applications are not based on materials available on record and not in accordance with the settled principles of law. Injunction is a relief in equity and is based on equitable principles. We find that equity in the instant case is certainly in favour of the appellant plaintiff. The appellant plaintiff has made out a strong prima facie case. The balance of convenience is clearly in favour of orders of injunction being made as prayed for by the appellant plaintiff.

97. In the result, the appeals are allowed and the order of the learned Single Judge dated 07.12.2015 passed in O.A.Nos.1069

of 2015, 1070 of 2015 and 1071 of 2015 is set aside. The applications, being O.A.Nos.1069, 1070 and 1071 of 2015, are allowed. However, there shall be no order as to costs.

Sd/-
Assistant Registrar(CS IX)

//True Copy//

Sub Assistant Registrar

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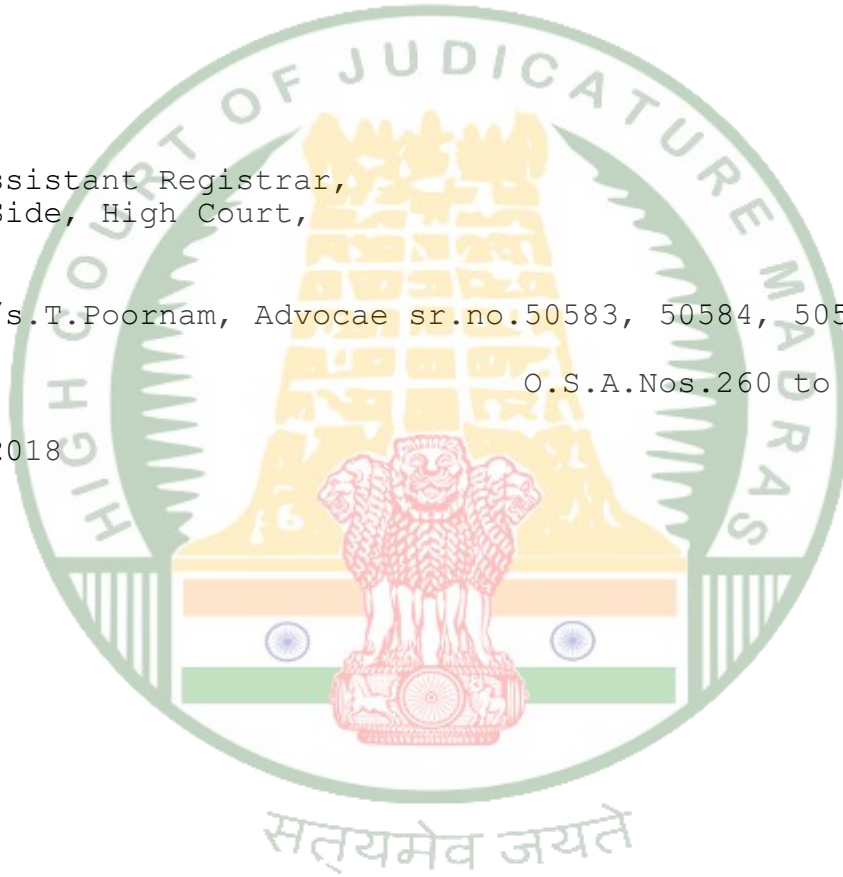
TO:

The Sub Assistant Registrar,
Original Side, High Court,
Madras.

+3cc to M/s.T.Poornam, Advocae sr.no.50583, 50584, 50585

O.S.A.Nos.260 to 262 of 2015

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