

IN THE HIGH COURT OF JUDICATURE AT MADRAS

Dated: 29.01.2019

CORAM

THE HON'BLE MR.JUSTICE M.SUNDAR

C.S.No.43 of 2015

and

O.A.Nos.69 to 71 of 2015

and A.Nos.203, 368, 581 & 203 of 2016

1.SAE India

No.1/17, Ceebros Arcade
3rd Cross, Kasturba Nagar
Chennai - 600 020

Rep. by its President

Mr.Aravind S.Bharadwaj

2.SAE International

400 Commonwealth Drive
Warrendale, PA 15096, USA

Rep. by its constituted attorney

Mr.Aravind S. Bharadwaj

.. Plaintiffs

Vs.

Delta Inc.

414/5, Prince Anwar Shah Road

2nd Floor, Kolkata - 700 045.

.. Defendant

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This Civil Suit is preferred, under Order VII Rule - 1 of Civil Procedure Code, 1908 and Order IV Rule 1 of O.S Rules, 1956 read with Sections 27, 28, 29, 134 and 135 of the Trade Marks Act, 1999 and Sections 51, 54, 55 and 62 of the Copy Rights Act, 1957; Praying for

a) A permanent injunction restraining the defendant by itself, its directors/proprietor/partners as the case may be, its associate companies,

heirs, legal representatives, successors-in-business, assigns, servants, agents, dealers, sponsors, representatives or any one claiming through or under them from committing acts of infringement of plaintiffs' registered trademarks in any manner infringing the plaintiff's mark SAE INDIA, BAJA by using identical mark or any other mark which is identical to or similar to the plaintiff's marks or in any other manner whatsoever;

b) A permanent injunction restraining the defendant, by itself, its directors/proprietor/partners as the case may be, its associate companies, heirs, legal representatives, successors-in-business, assigns, servants, agents, dealers, sponsors, representatives or any one claiming through or under them from committing acts of copyright infringement by making substantial reproduction of the plaintiffs' literary work in the rules and regulations, standards and various other materials for the competitions conducted by the defendant or in any other manner whatsoever;

c) A permanent injunction restraining the Defendant by itself, its directors/proprietor/partners as the case may be, its associate companies, heirs, legal representatives, successors-in-business, assigns, servants, agents, dealers, sponsors, representatives or any one claiming through or under them from committing acts passing off and enabling others to pass off by organizing, conducting, promoting, marketing, advertising or in any other manner dealing in Collegiate Design Series and Competitions using trademarks BAJA, SAE INDIA, FORMULA SAE, STUDENT FORMULA, which are identical to the plaintiffs' trademarks BAJA SAE INDIA, FORMULA SAE, STUDENT FORMULA and rules and regulations, standards and various other materials or in any other manner whatsoever;

d) The defendant be ordered to pay to the plaintiffs a sum of Rs.10,00,000/- as damages for committing acts of infringement of trademark, infringement of copyright and passing off;

e) The defendant be directed to surrender to plaintiffs for destruction name boards, invoices/bills, prints, dies, blocks, moulds and plates, screen prints, advertising and promotional material and any other material in the possession of the defendant, which bears the trademark identical or similar to BAJA, SAE INDIA, FORMULA SAE, STUDENT FORMULA and rules and regulations, standards and various other materials that are identical to that of the plaintiffs' rules and regulations, standards and various other materials;

f) A preliminary decree in favour of the plaintiffs directing the defendant to render true account of profits made by use of mark BAJA, SAE INDIA, FORMULA SAE, STUDENT FORMULA and literary works which are identical to plaintiffs' literary work and a final decree be passed in favour of the plaintiffs for the amount of profits thus found to have been made by the defendant after the latter have rendered accounts.

g) For costs of the suit

h) Pass such further or other reliefs as this Hon'ble Court may deem fit and necessary in the circumstances of the case and thereby render justice.

For Plaintiffs : Ms.Durga V Bhatt

For Defendant : Mr.Dhalapathy Vignesh Kumar
for Mr.M.Sriram

JUDGMENT

There are two plaintiffs and a sole defendant in this suit.

2. Ms.Durga V Bhatt, learned counsel representing the counsel on

record for plaintiffs and Mr.Dhalapathy Vignesh Kumar, learned counsel representing the counsel on record for sole defendant are before this Commercial Division.

3. Learned counsel on behalf of plaintiffs on instructions submits that sole defendant has closed their business operations and therefore, are no longer using the offending mark.

4. Learned counsel also submits that there are instructions to withdraw this suit.

5. Learned counsel on behalf of defendant does not dispute the aforementioned position. Learned counsel for defendant affirms the position, on instructions, that defendant has closed down their operations. Therefore, defendant is not using the offending mark, is his further say.

6. Be that as it may, learned counsel for plaintiffs submits that if the defendant restarts its operations in same or any other offending form, plaintiffs will be entitled to initiate a fresh suit. This, in the considered opinion of this Commercial Division tantamounts to stating the obvious in the light of judgment of Honourable Supreme Court in ***Bengal Waterproof Ltd. Vs. Bombay Waterproof Manufacturing Company Limited*** reported

in (1997) 1 SCC 99 = 1997 (17) PTC 98 (SC) which has come to stay as ' Duck Back principle'. In the light of Duck Back principle, it goes without saying that plaintiffs will be entitled to file a fresh suit if the defendant restarts its operations. The relevant portion of said judgment (Duck Back) is contained paragraph 10 which reads as follows:

'10.As seen earlier, Order 2, Rule 2, sub-rule (3) requires that the cause of action in the earlier suit must be the same on which the subsequent suit is based and unless there is identity of causes of action in both the suits the bar of Order 2, Rule 2, sub-rule (3) will not get attracted. The illustration below the said Rule amply brings out this position. A mere look at the said illustration shows that if a landlord sues the tenant in 1908 for the rent due till that year and omits to sue for rent for any of the previous years which had then accrued due he cannot subsequently sue the tenant for the previous rent due, claim for which was given up in the suit. It is obvious that a subsequent suit would not be barred in case of rent falling due after the first suit, say, for the year 1909 or 1910 etc. as that default would give him a fresh cause of action. In the facts of the present case it becomes obvious that when earlier suit was filed in 1980 the plaintiff had a cause of action regarding the alleged illegal use of his trade mark 'DUCK BACK' by the defendants and had also a grievance regarding the then existing deceitful action of the defendants in trying to pass off its goods 'DACK BACK' as if they were similar to the plaintiff's goods 'DUCK BACK'. Therefore, the cause of action for the first suit of 1980 was based on the infringement of plaintiff's trade mark 'DUCK BACK' by the defendants till the date of the suit filed in 1980. The grievance regarding passing off of the defendants' goods as if they were plaintiff's goods was also confined to the situation prevailing on the date of the earlier Suit No. 238 of 1980. That

suit failed as the plaintiff had not claimed proper relief. Consequently for the alleged acts of infringement of plaintiff's trade mark or the alleged passing off actions on the part of the defendants till the date of the earlier suit no subsequent grievance could be ventilated by the plaintiff by filing a fresh suit. It is also pertinent to note that in the earlier suit, that is, the first suit the plaintiff had claimed Rs 25,000 by way of damages for the alleged illegal acts of the defendants which were brought on the anvil of scrutiny in the 1980 suit. So far as that cause of action is concerned no subsequent suit lies as it would be barred under Order 2, Rule 2, sub-rule (3). But we are concerned in the second suit with entirely a different grievance of the plaintiff. In the second suit, namely, the present suit the grievance is not based on any acts of infringement or passing off alleged to have been committed by the defendants in 1980 but plaintiff's grievance is regarding the continuous acts of infringement of its trade mark 'DUCK BACK' and the continuous passing off action on the part of the defendants subsequent to the filing of the earlier suit and which had continued on the date of the second suit of 1982. The relevant averments regarding the fresh cause of action which had accrued to the plaintiff after the disposal of the earlier first suit are found in paras 13 to 20 of the plaint in the present second suit. They read as under:

"13. Thereafter the plaintiff made enquiries and came to learn the following which it believes to be true:

- (a) That the defendants neither manufacture nor sell nor deal with goods in Class 25 with the mark DUCK BACK.
- (b) That Defendant 1 manufactures and Defendant 2 offers for sale, sells or otherwise deals with waterproof articles rubberised or otherwise in Class 25 applying thereto the mark DACK BACK, a word mark.
- (c) That the defendants are well aware of the fact that the plaintiff's goods in Class 25 have been marketed and sold for years under the plaintiff's trade mark DUCK BACK.

14. The plaintiff avers that the mark DACK BACK is phonetically, visually and in size similar to the plaintiff's said registered trade mark DUCK BACK.

15. The plaintiff avers that the defendants by their said acts have not only infringed the statutory rights of the plaintiff not only under the Trade and Merchandise Marks Act, 1958 but also under the Copyright Act, 1957 by their wrongful use of the mark DUCK BACK, which is confusingly similar to or deceptively resembling the plaintiff's said mark or design DUCK BACK, but also have invaded the common law right of the plaintiff by passing off goods in Class 25, not being those of the plaintiff's manufacture or sold by the plaintiff, as those of the plaintiff.

16. By the two letters dated 20-4-1982 addressed to the defendants separately, the plaintiff called upon the defendants to desist from marketing, selling or offering for sale the said goods in Class 25 with the mark DACK BACK. Xerox copy of the said two letters dated 30-4-1982 are filed herewith and marked 'D' and 'E'.

17. By two letters both dated 25-5-1982 from Mohammed Raftullah, acting as Advocate for both the defendants, baldly refuted the factual statements in the plaintiff's said letters dated 30-4-1982 and set up the defence of res judicata and also purported to challenge and deny the very validity of the registration of the plaintiff's trade mark DUCK BACK. The plaintiff reserves its comments on the said letters until trial. Xerox copies of the said 2 letters both dated 25-5-1982 are filed herewith and marked 'F' and 'G' respectively.

18. The plaintiff has suffered loss which cannot be easily assessed and would suffer further loss and damage unless the defendants were restrained from further infringing the said trade mark DUCK BACK by the use of the mark DACK BACK or any other near resemblance or colourable imitation of the plaintiff's mark DUCK BACK or from passing off in any

way goods in Class 25 not being those of the plaintiff by the use of the mark DACK BACK or otherwise as the goods of the plaintiff.

19. The cause of action arose on or about 6-4-1982 and continues to arise de die in diem within the jurisdiction of this Hon'ble Court. Thus the suit is within limitation.

20. The cause of action arose at Hyderabad where the defendants are indulging in the illegal actions sought to be restrained in the suit and also where the defendants reside.

Thus, the Hon'ble Court has got jurisdiction."

The aforesaid averments in the plaint clearly show that the present suit is not based on the same cause of action on which the earlier suit was based. The cause of action for filing this present second suit is the continuous and recurring infringement of plaintiff's trade mark by the defendants continuously till the filing of the present second suit. We asked the learned counsel for the defendants as to whether pending the suit and at present also the defendants are trading in the offending goods, namely, bearing the mark 'DACK BACK' and he informed us that defendants even at present are carrying on this business. Therefore, pending the second suit all throughout and during the pendency of these proceedings the defendants have carried on the business of trading in the commodity waterproof raincoats 'DACK BACK'. It is obvious that thus the alleged infringement of plaintiff's trade mark 'DUCK BACK' and the alleged passing off action on the part of the defendants in selling their goods by passing off their goods as if they were plaintiff's goods has continued all throughout uninterrupted and in a recurring manner. It is obvious that such infringement of a registered trade mark carried on from time to time would give a recurring cause of action to the holder of the trade mark to make a grievance about the same and similarly such impugned passing off actions also would give a recurring cause of action to the plaintiff to make a grievance about the same and to seek appropriate relief.

from the court. It is now well settled that an action for passing off is a common law remedy being an action in substance of deceit under the Law of Torts. Wherever and whenever fresh deceitful act is committed the person deceived would naturally have a fresh cause of action in his favour. Thus every time when a person passes off his goods as those of another he commits the act of such deceit. Similarly whenever and wherever a person commits breach of a registered trade mark of another he commits a recurring act of breach or infringement of such trade mark giving a recurring and fresh cause of action at each time of such infringement to the party aggrieved. It is difficult to agree how in such a case when in the historical past earlier suit was disposed of as technically not maintainable in absence of proper reliefs, for all times to come in future defendant of such a suit should be armed with a licence to go on committing fresh acts of infringement and passing off with impunity without being subjected to any legal action against such future acts. We posed a question to the learned counsel for the defendants as to whether after the disposal of the earlier suit if the defendants had suspended their business activities and after a few years had resumed the same and had started selling their goods under the trade mark 'DACK BACK' by passing them off, the plaintiff could have been prohibited and prevented by the bar of Order 2, Rule 2, sub-rule (3) from filing a fresh suit in future when such future infringement or passing off took place. He rightly and fairly stated that such a suit would not be barred. But his only grievance was that whatever was the infringement or passing off alleged against the defendants in 1980 had, according to the plaintiff, continued uninterrupted and, therefore, in substance the cause of action in both the suits was identical. It is difficult to agree. In cases of continuous causes of action or recurring causes of action bar of Order 2, Rule 2, sub-rule (3) cannot be invoked. In this connection it is profitable to have a look at Section 22 of the Limitation Act, 1963. It lays down that "in the

case of a continuing breach of contract or in the case of a continuing tort, a fresh period of limitation begins to run at every moment of the time during which the breach or the tort, as the case may be, continues". As act of passing off is an act of deceit and tort every time when such tortious act or deceit is committed by the defendant the plaintiff gets a fresh cause of action to come to the court by appropriate proceedings. Similarly infringement of a registered trade mark would also be a continuing wrong so long as infringement continues. Therefore, whether the earlier infringement has continued or a new infringement has taken place cause of action for filing a fresh suit would obviously arise in favour of the plaintiff who is aggrieved by such fresh infringements of trade mark or fresh passing off actions alleged against the defendant. Consequently, in our view even on merits the learned trial Judge as well as the learned Single Judge were obviously in error in taking the view that the second suit of the plaintiff in the present case was barred by Order 2, Rule 2, sub-rule (3) CPC.'

(relevant portion has been underlined for highlighting and for ease reference)

7. Be that as it may, endorsement made in the suit file reads as follows:

'Upon written instructions received from the plaintiffs, we may hereby be permitted to withdraw the said suit as the defendant company has ceased to conduct operations. The plaintiffs further does not insist on return of Court fees.'

8. Learned counsel reiterates the above endorsement.

9. In the light of the aforesaid endorsement, reiteration of the same

and observations of this Commercial Division qua 'Duck Back principle', this suit is dismissed as withdrawn. Consequently, all interlocutory applications are closed. There shall be no order as to costs. Plaintiffs' counsel does not insist on refund of Court fees.

29.01.2019

Speaking Order/Non-Speaking Order

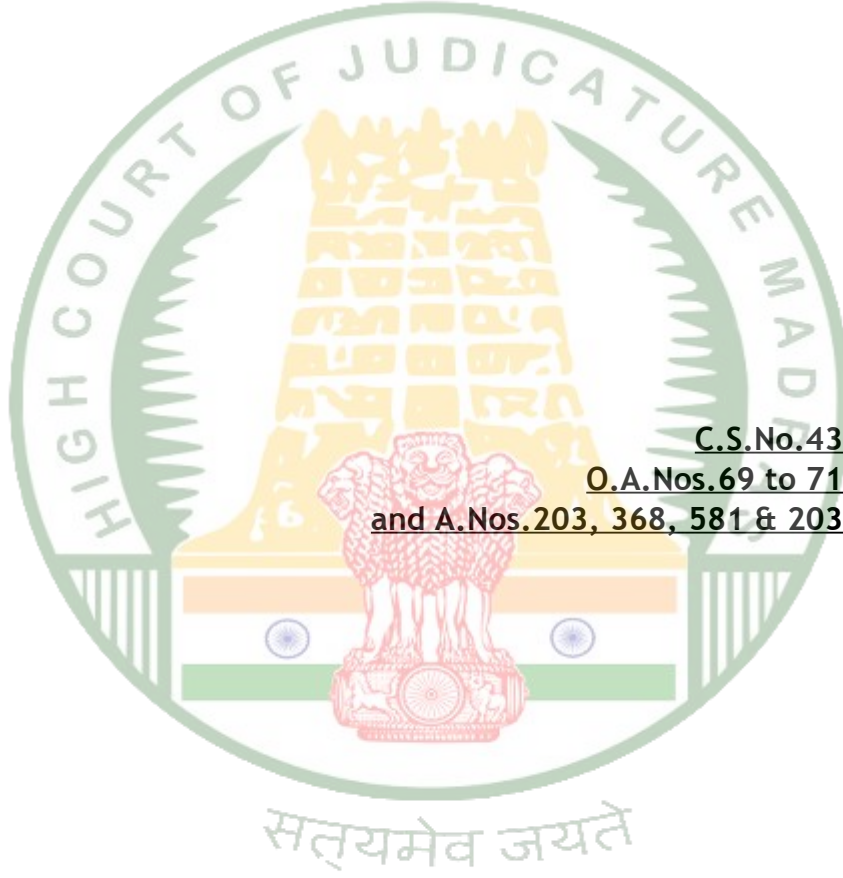
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