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

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Judgement Reserved: 24th April, 2019

Judgement Pronounced: 10 July, 2019

+ **FAO (OS) (COMM) 34/2018**

SOCIÉTÉ DES PRODUITS NESTLÉ, S A & ANR.

.... Petitioners

Through : Mr.Hemant Singh, Ms.Mamta Rani
Jha, Mr.Manish Kumar Mishra,
Mr.Ankit Arvind, Ms.Akanksha Singh
and Mr.Rohan Krishnan, Advocates

versus

**KAIRA DISTRICT COOPERATIVE MILK PRODUCERS
UNION LTD & ANR.**

..... Respondents

Through : Mr.Jayant Bhushan, Senior Advocate
with Mr.Snehal Kakrania, Advocates

CORAM:

HON'BLE MR. JUSTICE G.S. SISTANI

HON'BLE MS. JUSTICE JYOTI SINGH

G.S. SISTANI, J.

1. Present appeal lays challenge to the interim order dated 05.12.2017 passed by a Single Judge of this Court on an application filed by the appellants in a suit filed for infringement of trade mark against the respondents whereby the *ad interim* order dated 30.05.2012 was made absolute. By the Order dated 30.05.2012, both the parties were directed to maintain *status quo* with respect to the use of the sub-brand 'A+' in relation to the respective goods that the parties were manufacturing as on 30.05.2012 during the pendency of the suit.
2. For the ease of reference, the parties are referred to in accordance with their position in the suit.

3. The present suit pertains to the trademark 'A+/a+' used by the parties. The plaintiffs are selling milk and *dahi* (yogurt) under the sub-brand 'a+' in conjunction with their brand 'Nestlé'; while the defendants were applying the said mark 'A+' to cheese slices in combination with their brand name 'Amul'.
4. Brief facts necessary to be noticed for disposal of this appeal are that the plaintiffs had filed CS (OS) 1675/2012 *inter alia* seeking to restrain the defendants from using the trade mark 'A+' with or without any prefix or suffix in respect of cheese, packaged milk or any other milk products. It was averred by the plaintiffs that pursuant to an internal branding study, they learnt that the plaintiff no.2 did not have any sub-brand for its milk and *dahi* products, which were sold only under 'Nestlé'. Thereafter, it conducted a consumer study and selected 'a+' to be used as a sub-brand in conjunction with 'Nestlé' for milk and *dahi*.
5. It was the case of the plaintiffs that they conducted a search at the Trade Marks Registry and found "A+ logo" to have been registered in class 29 in favour of one Ajit Singh Om Prakash Ltd. The said proprietor assigned its rights in favour of the plaintiffs by a deed of assignment dated 26.08.2011 limited to the goods, i.e. "milk and milk products" for Re.1/-. Subsequently, application was also filed by the plaintiff no.1 for recording of its name as the subsequent proprietor and the same is pending. The plaintiff no.2 launched its milk and *dahi* products under the marks 'Nestlé a+' at a press conference on 01.12.2011 and claims to have garnered tremendous sales.
6. The plaintiffs further pleaded that in a couple of days of the launch, a

notice dated 05.12.2011 was received from the defendants claiming to be the proprietors of the mark 'A+'. The notice was received on 07.12.2011 and replied to by the plaintiffs on 08.12.2011 drawing attention to the deed of assignment and calling upon the defendants to discontinue the use of 'A+' as it amounted to an infringement of their proprietary right in the mark 'a+'. It was averred that the parties tried to settle the matter, however, when efforts failed, the suit was filed by the plaintiffs. Along with the suit, the plaintiffs filed IA 10759/2012 seeking an interim injunction against the defendants.

7. The suit came for hearing before a Single Judge of this Court on 30.05.2012 when the counsel for the plaintiffs submitted that they were not pressing for interim stay. However, the Single Judge while issuing notice directed both parties to maintain *status quo* about the use of the sub-brand 'A+' in relation to the goods as on the said date.
8. The defendants filed a common written statement contending that they had been using the mark 'A+' in conjunction with 'Amul' since 02.06.2011 on cheese slices and had also applied for its registration. The defendants have further challenged the assignment in favour of the plaintiffs.
9. On 16.09.2014, issues were framed in the suit, which are mentioned in paragraph 13 of the order impugned before us. Thereafter, the proceedings in the suit were stayed as proceedings for cancellation of trade mark of the plaintiffs were pending before the Intellectual Property Appellate Board.
10. In this background, the Single Judge disposed of IA 10759/2012 by the impugned order confirming the order dated 30.05.2012. The

Single Judge observed that the predecessor in interest of the plaintiffs, i.e. Ajit Singh Om Prakash Ltd., was not using the mark 'A+' in respect to milk or milk products. He further held that as the mark 'A+' was laudatory and descriptive, evidence was required to be led to show that the mark had acquired distinctiveness and was associated only with the plaintiffs. Observing so and noticing that the interim order had continued for five years and disturbing it would cause irreparable loss to both the parties. The relevant portion reads as under:

“20. The order dated 30.05.2012, noticing the fact that the Defendants have been using the Trademark A+ since 02.06.2011 in respect of Cheese Slices and the Plaintiff with regard to Milk & Dahi, directed both parties to maintain status quo about the use of sub-brand “A+” in relation to the goods that the respective parties were manufacturing as of the said date. The said order has been in force until date. The proceedings in the Suit have been stayed to await the outcome of the rectification proceedings before the Intellectual Property Appellate Board. Disturbing the status as on date would cause irreparable loss to both parties. The balance of convenience is not in favour of modifying the status quo that has continued for over five years without the parties proving their case by leading evidence. The order dated 30.05.2012 not only protects the interest of the parties but also protects the interest of consumers who may be confused or misled (if at all) by the rival marks being used for identical products. Furthermore, if the Plaintiff were to finally succeed in the Suit, the Plaintiff could be adequately compensated by award of damages.

21. In view of the above, the order dated 30.05.2012, is made absolute and both parties are directed to maintain status quo about the use of sub-brand “A+” in relation to the respective goods that the parties were manufacturing as of the said date, during the pendency of the Suit. The application is disposed of in the above terms.”

(Emphasis Supplied)

11. Aggrieved by the said order, the plaintiffs have preferred the present appeal seeking an order of interim injunction against the defendants from using the mark 'A+' in milk or milk products. The plaintiffs have alternatively sought vacation of the impugned order to the extent it restricts the plaintiffs to using their mark 'A+/a+' for goods it is registered for.
12. Mr. Hemant Singh, learned counsel for the appellant, contends that not only are the appellants the registered proprietors of the trade mark 'A+', but are also prior users since their predecessors had used the mark and sold goods under said trade mark. In this backdrop, learned counsel contended that the Single Judge could not have passed an order of *status quo* thereby injuncting the appellants from expanding or marketing other goods under the said mark in class 29. The counsel has relied upon Sections 28 and 29 of the Trade Marks Act, 1999 (hereinafter '*the Act*'). He further contends that in case the defendants were to take advantage or claim prior user, they could have taken recourse to the provisions of Section 34 of the Act and sought its legal remedy. In the absence thereof and in the absence of any counter-claim or an independent suit, the appellants could not have been injuncted in their own suit.
13. Learned counsel has also contended that the Single Judge has erred by observing that no document has been placed on record to show that the predecessor-in-interest of the appellant was in fact using the trade mark with respect to the goods falling in class 29. The learned counsel has relied upon some of the invoices which were filed along

with the suit, more particularly, the invoice at pages 235 and 354 of the paper book wherein various articles have been detailed, including Milk Powder, Ghee and other products. Mr.Hemant Singh, learned counsel has also submitted that the appellants would not have any objection if the defendants were to continue with the mark 'A+' in relation to cheese during the pendency of the present suit and subject to final orders which may be passed. Reliance on the judgment in the case of ***Ruston and Hornby Ltd. v. Zamindara Engineering Co., AIR 1970 SC 1649*** (paragraph 5).

14. *Per contra*, Mr.Jayant Bhushan, learned senior counsel appearing for the respondents submitted that the appellants have, in fact, after the products of the respondent were launched in the month of June, 2011, searched for a registered proprietor and got the trade mark assigned for Re.1/- for milk and milk products alone. It is further contended that the issue with regard to prior user would only be decided by the evidence and there are no documents on record which would support the stand taken by the appellant with regard to prior user. Mr.Bhushan further contends that in fact the respondents are the prior user and the respondents are entitled to seek injunction against the appellants and, even otherwise, merely being a registered proprietor of the trade mark would not stand in the way of the respondents. The learned Senior Counsel has relied upon the judgments in the case of ***Uniply Industries Ltd. v. Unicorn Plywood Pvt. Ltd., (2001) 4 SCC 85*** (paras 7 and 8); ***Century Traders v. Roshan Lal Duggar & Co., ILR (1977) II Delhi 709*** (paras 9 and 12); ***N.R.Dongre v. Whirlpool Corporation & Another, AIR 1995 Del 300*** (paras 9 and 29) to canvass that the

appellants may be the registered user, but they are not the prior user. Reliance is also placed on the judgment in the case of ***Smithkline Beecham Plc. v. Sunil Sarmalkar*, 2012 (132) DRJ 880** (paras 2 and 7) for the proposition that registered trade mark has no meaning unless goods have been sold under the said trade mark. Reliance was also placed on the judgments in the case of ***FDC Limited v. Docsuggest Healthcare Service Private Limited*, 2017 SCC OnLine Del 6381** (para 52) and ***Vishnudas Trading v. Vazir Sultan Tobacco Co. Ltd.*, (1997) 4 SCC 201** (para 46).

15. In rejoinder arguments, learned counsel for the appellants has submitted that all necessary documents were filed along with the suit on 29.05.2012. He submits that in fact the observations in the case of ***Whirlpool Corporation (supra)*** would, infact, benefit the appellant. Mr.Singh has further relied upon the judgment in the case of ***Gujarat Bottling Co. Ltd. v. Coca Cola Company*, AIR 1995 SC 2372**.
16. We have heard the learned counsel for the parties and perused the impugned order and the record before us. Learned counsel for the appellants is only pressing his alternative prayer seeking vacation of the portion of the impugned order restraining the plaintiffs from applying the mark 'A+' to goods other than those being manufactured on 30.05.2012.
17. Accordingly, only one issue arises for our consideration: Whether the Single Judge could have directed the plaintiffs to maintain *status quo* in respect of the goods being manufactured by them on 30.05.2012 during the pendency of the suit?
18. By the order impugned before us, the Single Judge has directed both

parties to maintain *status quo* about the use of sub-brand 'A+' in relation to the respective goods that the parties were manufacturing as on 30.05.2012, being the date of passing of the *ad interim* order. In effect, the plaintiffs have been restrained from applying 'A+/a+' to any product other than milk or *dahi*, while the defendants have been limited to cheese slices.

19. We are of the view that the impugned order, to the extent it restricts the plaintiffs, is incorrect. The reasoning adopted by the Single Judge is that (1) disturbing the status would cause irreparable loss to both parties; (2) The balance of convenience is not in favour of modifying the *status quo*; and (3) the *status quo* order protected the interest of the consumers.
20. However, the Single Judge failed to note that there was no application, counter-claim or suit filed against the plaintiffs by the defendants. The suit had been filed by the plaintiffs and it was open to the defendants to pursue such remedies as deemed fit to stop the plaintiffs from applying the mark 'A+/a+' to other products. As has been held by a coordinate bench of this Hon'ble Court in ***N.R.Dongre (Supra)***, it was always open to the defendants to file independent proceedings against the plaintiffs alleging passing off of their mark and proving prior user thereto.
21. When no such proceedings were resorted to by the defendants, it was not open to the Single Judge to pass any order against the plaintiffs. On 30.05.2012, a Single Judge of this Court had while recording the submission of the plaintiffs that they were not pressing for interim orders directed the parties to maintain *status quo*. The said order was

only *ad interim* in nature and was to operate until the final disposal of the application. It could not have been confirmed at the final disposal of the application, when the application was being pressed in its entirety by the plaintiffs.

22. We also find that while deciding the interim application, the Single Judge has incorrectly applied the parameters for granting interim reliefs. The Single Judge while doubting a *prima facie* case in favour of the plaintiffs has proceeded to pass interim orders nonetheless. Interestingly, no appeal has been preferred by the defendants. The other tests of balance of convenience and irreparable loss or injury have been incorrectly applied by the Single Judge. The said tests are to be applied to the relief, as sought by the applicant. The Single Judge proceeded to apply the tests in a manner as if applications seeking interim reliefs were filed by both parties. In case, the said tests were satisfied, the Single Judge could have passed interim orders and if not, then no orders could be passed. In no scenario, interim orders could have been passed against the plaintiffs.
23. Even before us, the defendants have been unable to show as to how any interim order could have been passed against the plaintiffs. The judgments relied upon by the defendants could have come to their aid provided they had themselves approached the court, which is not the case. Thus, the alternative prayer of the plaintiffs is liable to be allowed.
24. Accordingly, the appeal is partly allowed. The impugned order, to the extent it directs the plaintiffs to maintain *status quo* about the use of 'A+/a+' in respect of goods being manufactured on 30.05.2012, is set-

aside. It is clarified that the order directing *status quo* against the defendants remains unaffected.

25. We further clarify that all observations made in this order are in the context of a *prima facie* view and nothing should be construed as a final expression of opinion on the merits of the dispute. Nothing stated herein should be read to prejudice the claims/contentions of the parties in the trial of the suit or before the Intellectual Property Appellate Board.
26. In view of the order passed in the appeal, CM 8303/2018 is rendered infructuous and is disposed of.

G.S.SISTANI, J.

JYOTI SINGH, J.

JULY 10th, 2019
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