

**IN THE HIGH COURT OF PUNJAB AND HARYANA
AT CHANDIGARH**

RFA-1571-2017(O&M)

Date of decision: 12.05.2020

D.P.Jagan and sons

.....Appellant

Versus

M/s D P Jagan & Company and another

.....Respondents

CORAM: HON'BLE MR. JUSTICE ANIL KSHETARPAL

Present:- Ms. Samiya Singh Singal, Advocate for the appellant

Mr. Avnish Mittal, Advocate and

Ms. Aparna Singhal, Advocate for the respondents

ANIL KSHETARPAL, J.

The plaintiff-appellant has filed an appeal against the judgment passed by learned Additional District Judge, Chandigarh while dismissing the suit for grant of decree of permanent injunction restraining the respondents from using D.P.Jagan & Company or any other deceptively similar business name in any manner and for recovery of damages to be assessed by the Court.

Parties would be referred to by their original status in the suit.

Issue which arises for consideration is “whether it is permissible to adopt deceptively similar business name so as to pass off the goods as that of someone else and deceive the plaintiff and the customers. Certain undisputed facts are that the plaintiff-D.P.Jagan and sons through its sole proprietor Ashok Kumar Singal started its business at SCO no.46-47, Sector 28-A, Chandigarh in the year 1985. It started

trading in mill store, tools and hardware manufactured by different companies. The defendants have started their business under the name of D.P.Jagan & Company in the year 2012 in adjoining premises i.e SCO no.48, Sector 28-A, Chandigarh. The defendants are also trading in mill stores, tools and hardware manufactured by different companies. Representative pictorial trade names of both the firms are extracted as under to understand the grievance of the plaintiff:-



The defendants contested the suit by submitting that in the year 1962 business of sale of hardware and other items was started under the name of PD Jagan & Company in SCO No. 41, Sector 28-C, Chandigarh with four partners namely Parshottam Dass, Ramji Dass, Jagan Nath and Durga Prashad. The aforesaid partnership was dissolved on 31.3.1969. The said firm comprised of two different families who had 50% share each. After dissolution of the said firm, two separate firms were formed. One with name P.D Jagan & Company consisting of Ramji Dass and Purshottam Dass as partners whereas second, under the name of D.P.Jagan and Company with Jagan Nath, Durga Prashad, Hansraj, Hari Narain, Sudhir Kumar and Raj Kumar as partners. The second firm was

running its business from SCO no.48, Sector 28-C, Chandigarh. Thereafter, D.P.Jagan & Company was dissolved on 30.11.1985 and two new firms were formed; one named D.P Jagan & Sons which was being run by the plaintiff as a sole proprietor in SCO no.47, Sector 28-C, Chandigarh whereas Jagan Nath and Santosh Vij formed a partnership concern with the name of B.K.Jagan and Company which was running its business in SCO no.48, Sector 28-C, Chandigarh. It is claimed that at the time of dissolution of the firm, D.P.Jagan & Company in the year 1985 it was mutually agreed that the plaintiff should run the same business with the name of D.P.Jagan & Company but the plaintiff declined due to impending income tax and sales tax liabilities. The plaintiff left the firm and its remaining partners in lurch and got registered a new firm under the name of 'D.P.Jagan & Sons'. Sh. Jagan Nath who was basically running the firm M/s B.K.Jagan & Company shifted the office of the firm to his residence at H.No.96, Sector 28, Chandigarh and thereafter, to H.No. 130, Sector 28-A, Chandigarh. The constitution of the partnership firm M/s B.K.Jagan & Company changed and it was agreed that Jagan Nath would take over the business of M/s B.K.Jagan and Company whereas it was agreed that Smt. Santosh Brij-defendant would start her business with the name of D.P.Jagan & Company in SCO no.48, Sector 28 Chandigarh. Accordingly, Smt. Santosh Brij has retired from M/s B.K Jagan & Company and started her business under the name of D.P.Jagan & Company in SCO 48 Sector 28, Chandigarh.

It was claimed that D.P.Jagan is a generic name and used by the family members for their business since 1962. The plaintiff was also

partner of D.P.Jagan & Company in the year 1985 and it was mutually agreed that there will be no bar on the partners of the said firm for using the name D.P.Jagan & Company for running their separate business. It was pleaded that the name D.P.Jagan & Company was combination of first word of "Jagan Nath" one of the original partner and two abbreviated words "D.P." have been taken from the name 'Durga Parshad' one of the founder partner of the first partnership concern. It was further claimed that the defendant is not going to cause any loss to the plaintiff as the plaintiff is selling goods of different companies and there are no special or distinctive articles or goods traded by the plaintiff. The defendants claim that they are using totally different and distinct business name i.e D.P.Jagan & Company and no loss of reputation or business or goodwill is being caused to the plaintiff.

After appreciation of the pleadings, learned Trial Court on 10.9.2013 framed following issues:-

“1. Whether plaintiff is entitled to permanent injunction as prayed for ? OPP

2. Whether plaintiff is entitled to recover damages as prayed for ? OPP.

3. Whether suit is not maintainable?
OPD

4. Whether plaintiff has concealed material facts from the Court ? OPD.

5. Whether suit has not been properly valued ? OPD.

6. Relief.”

The plaintiff in order to prove its case examined PW1 Ashok Kumar Singal the sole proprietor of the plaintiff firm while producing

documents Ex.P1 to P40. Whereas the defendants in order to controvert examined Brij Singal and produced documents Ex. DW1/A to DW/M.

On appreciation of evidence, learned Trial Court dismissed the suit filed by the plaintiff with following reasons:-

i) D.P.Jagan is a generic name used by the family members for their business since 1962.

ii) The plaintiff has no over-riding right to use the words “D.P.Jagan” as it is not a registered trade mark of the plaintiff.

iii) No loss of business or goodwill is proved to have been caused to the plaintiff firm on account of user of the business name 'D.P.Jagan & Company' by the defendants.

iv) The plaintiff has failed to produce even a single witness to substantiate its assertion that some one has purchased sub-standard articles from the defendants under a misconception.

v) Sign boards used by both the firms are altogether different.

This Court has heard learned counsel for the parties at length and with their able assistance gone through the judgment passed by the learned Trial Court and the requisitioned record. Learned counsel for the plaintiff-appellant has submitted that learned Trial Court has failed to address the grievance of the plaintiff in proper perspective. The plaintiff had filed a suit for grant of decree of permanent injunction restraining the defendants from passing off their goods which are identically similar, as the goods of the plaintiff. The remedy is being claimed under common law. The plaintiff does not claim any right under Trade Marks Act.

While elaborating, she contended that it is proved on file that the plaintiff is running his business with the trade name D.P.Jagan & Sons since 1985 and have earned goodwill which is reflected from the turnover of the plaintiff-firm.

On the other hand, learned counsel appearing for the defendants-respondents has supported the judgment passed by the learned Trial Court and argued in line with the reasons recorded by the learned Trial Court.

On critical analysis of the arguments of the learned counsel for the parties, this Court now proceeds to examine the issue in detail. At the outset it must be noticed that the plaintiff firm has filed the present suit for grant of decree of permanent injunction restraining the defendants from using deceptively similar trade/business name, particularly, when defendants are running their business from adjoining premises trading in the same range of goods/articles as are being traded by the plaintiff. From pictorial representation, extracted above, it is apparent that the defendants subsequently have started using deceptively similar trade/business name which is likely to cause confusion amongst the customers. It is proved on file that the plaintiff is using the trade name D.P.Jagan & Sons since 1985 whereas the defendants have started using the trade name D.P.Jagan & Company in 2012. The plaintiff has filed the present suit under common law restraining the defendants from using deceptively similar trade name and pass off their goods as that of the plaintiff. It is apparent from pictorial representation extracted above that business being carried out under the name of D.P.Jagan & Company

appears to be extension/part of the business D.P.Jagan & Sons. The law on the subject is clear. Once such a complaint is brought to the notice of the Court, it is incumbent for the Court to examine the same with the perspective of a common customer in the street.

Now let us discuss various precedents cited by learned counsel for the parties. Learned counsel for the appellant has relied upon a judgment passed by the Hon'ble Supreme Court in **Laxmi Kant V Patel vs. Chetan Bhai Shah and another'** (2002) 3 SCC 65. In the aforesaid case, the Hon'ble Supreme Court was examining correctness of the order passed by learned Trial Court and the High Court of Gujarat refusing to grant ad interim injunction. It was prima facie established on the file that the plaintiff had started the business of colour lab and studio in the year 1982 under the name and style of Muktajiwan Colour Lab & Studio. In the year 1997, the passing-off action was initiated by the plaintiff seeking issuance of permanent preventive injunction against the defendants restraining them from passing off their business, services and goods as of and for the business, services and goods of the plaintiff. The defendants in the aforesaid judgment had in fact started using the word Muktajiwan in their trade name. Hon'ble Supreme Court while discussing various aspects laid down as under:-

“8. It is common in trade and business for a trader or a businessman to adopt a name and/or mark under which he would carry on his trade or business. According to Kerly (*Law of Trade Marks and Trade Names*, 12th Edn., para 16.49), the name under which

a business trades will almost always be a trade mark (or if the business provides services, a service mark, or both). Independently of questions of trade or service mark, however, the name of a business (a trading business or any other) will normally have attached to it a goodwill that the courts will protect. An action for passing-off will then lie wherever the defendant company's name, or its intended name, is calculated to deceive, and so to divert business from the plaintiff, or to occasion a confusion between the two businesses. If this is not made out there is no case. The ground is not to be limited to the date of the proceedings; the court will have regard to the way in which the business may be carried on in the future, and to its not being carried on precisely as carried on at the date of the proceedings. Where there is probability of confusion in business, an injunction will be granted even though the defendants adopted the name innocently.

Xxxx

15. The observation of the trial court that the business name sought to be adopted by the defendants was “somewhat similar” to that of the plaintiffs was immaterial and irrelevant. This observation, the trial court was probably persuaded to make, in the background that the business name

sometimes adopted by the plaintiff used “QSS” as prefixed to “Muktajivan Colour Lab” or as part of the full name and that made the difference. The learned counsel for the plaintiff-appellant has pointed out that “QSS” is an abbreviation, the elongated or full form whereof is “Quick Service Station” and that was merely an adjective prefixed to the name. We find merit in the submission. It is the word “Muktajivan”, the employment of which makes distinctive the business name of the plaintiff and it is the continued use of “Muktajivan” in the business name of the plaintiff which has created a property therein linked with the plaintiff. We are, therefore, unhesitatingly of the opinion that a clear case for the grant of ad interim injunction prayed for by the plaintiff was made out and the trial court and the High Court — both fell in an error in not granting the same.”

Next judgment relied upon by the learned counsel for the appellant is in **S.Syed Mohidin vs. P.Salochna Bai (2016) 2 SCC 683**. In this judgment the Hon'ble Supreme Court was examining the dispute in the context of both the parties, who were registered owners of trade marks. Dispute was with regard to the use of words “Irrutukadas Halwa”. The Hon'ble Supreme Court after examining the facts of the case held that prior user of the trade mark is to be honoured and protected. Registration of the trade mark merely recognizes the pre-existing rights

in common law and does not create any new right. Still further, the Court examined various provisions of Trade Marks Act, 1999 and held that a prior user who has earned goodwill by way of use of the mark in the business is required to be protected. The Court further observed that a later/subsequent user of the mark / name or business cannot mis-represent his business as that of the business of the prior user. The prior user is considered to have superior right than that of any other rights.

On the other hand, learned counsel appearing for the defendants-respondents has drawn attention of the Court to the judgment passed by Division Bench of Delhi High Court in **Shri Ram Education Trust Vs. SRS Foundation and another 2016 (2) PLR 3**. In this judgment, the Division Bench was considering the case at the stage of grant of temporary injunction. The question was whether both the parties can continue to run educational institution with the name 'Shri Ram' or not. The Division Bench declined to grant injunction. He has also relied upon judgment passed by a Single Judge of Bombay High Court in **Parley Products Ltd. vs. Parley Agro Pvt. Ltd. 2009 (3) AIR Bombay R 525**.

This Court has carefully gone through the judgments relied upon by the learned counsel for the parties and formed an opinion that the judgment relied upon by the learned counsel for the defendants are not applicable to the facts of the case. In the case of Shri Ram Educational Trust (supra) the Division Bench refused to grant the relief of injunction on various grounds after noticing the fact that suit filed by the plaintiff was prima facie suffered from delay. Both the brothers were

having common lineage and the defendant has prima facie shown that the plaintiffs are not the prior user of the mark 'Shri Ram' for running the educational institutions. Thus, the aforesaid judgment does not help the case of the defendants. As regards judgment of the Bombay High Court in Parley Products Pvt. Ltd. (supra), it may be noted that different branches of the family were in separate businesses and it was not disputed between the parties that business name 'Parley' can be used by both the parties. Both the groups were manufacturing entirely different products. The Bombay High Court considered that the word Parley is a 'house mark', which can be used by the members of the family to denote the family lineage for any business including confectionery, biscuits and beverages. The Court also noticed that name of the products of the defendant Company are entirely different. Thus, in the facts of the case, the Court directed the defendant to include a disclaimer. Hence, the judgments relied upon by the learned counsel for the defendants does not support the case of the defendants.

Now let us analyse the reasons given by the learned Trial Court in the judgment under appeal. First reason is that the D.P.Jagan is a generic name. It may be noted here that generic has been defined as “characteristic of or relating to a class or group of things; not specific”. D.P.Jagan cannot be a generic name. Hence, the first reason given by the learned Trial Court is not correct. Second reason that the plaintiff has no over-riding right to use the word 'D.P.Jagan' is also not correct. Trial Court has not examined the dispute in proper prospective. The plaintiff is proved to be prior user of business name “D.P.Jagan & Sons”. The

defendants have started using the word deceptively similar business name i.e “D.P.Jagan & Company” in 2012 only while starting to trade/deal in the similar articles/goods. The defendants have opened their business premises in the adjoining premises to that of the plaintiff. In such circumstances, the plaintiff do have a over-riding right to restrain the defendants. The learned trial Court has also erred while observing that since D.P.Jagan is not registered trade mark of the plaintiff and hence has no right to seek injunction. The plaintiff never came to the Court for protecting his registered trade mark. He has filed a suit under common law claiming that he has earned a reputation while using a particular business name which cannot be permitted to be used by the defendants by adopting deceptively similar trade/business name. It is not necessary that before filing such a suit, the plaintiff must get the trade mark registered. Hon'ble Supreme Court in S.Syed Mohidin's case (supra) have already held that a prior user of a business name is entitled to maintain a suit and protect its business interest even against holder of a registered trade mark. It has been held that registered trade mark is only acknowledging a prior right but does not create any new right.

Next reason assigned by the Trial Court that the plaintiff has failed to prove loss of business or goodwill, is also erroneous because it is not mandatory that before a plaintiff maintains a suit, it is necessary to prove the loss of business or goodwill. It may be noted here that learned Trial Court itself has discussed that the turnover of the plaintiff firm in the financial year 2011-13 was Rs.8.23 crores which increased to Rs.8.62 crores in the year 2013-14 and further grew to Rs.9.71 crores in 2014-15,

whereas the defendants was having turnover of Rs.50 lacs in the last financial year. Thus, it is apparent that the plaintiff earned a goodwill since 1985 which apparently appears to be the reason for huge difference in turnover of both the firms. In such cases, question is whether the one party which has adopted a deceptively similar business name or mark can be permitted to continue to deceive the plaintiff and customers in the street. In the present case, this Court is of the considered view that the defendants have started using deceptively similar name and are thereby making an attempt to pass off their goods as that of the plaintiff.

Failure to examine a deceived customer in evidence, cannot itself result in dismissal of the suit, particularly, when other overwhelming evidence is available to prove the case of the plaintiff.

Last reason assigned by the learned Trial Court is also not correct. Represented pictorial extracted above clearly proves that deceptively similar name has been used by the defendants and the learned trial Court erred in drawing conclusion to the contrary.

It may be noted here that although defendants have pleaded that after dissolution of the firm D.P.Jagan & Company in the year 1969 a firm with the name of D.P.Jagan & Company consisting of Jagan Nath, Hansraj, Durga Parshad, Hari Narain , Sudhir Kumar and Raj Kumar was constituted. However, no reliable evidence has been produced that the aforesaid partnership firm was trading in such goods as are being traded by the plaintiff after constitution of the firm in the year 1969. It is not in dispute that in 1985 the firm D.P.Jagan & Company was dissolved and thereafter, it is the plaintiff which started its own proprietorship concern

with the name “D.P.Jagan & Sons”. The defendants came into picture only in the year 2012. Further it is significant to note that the plaintiff has never objected to use of the trade name B.K.Jagan & Company running its business from the same area by other members of the family. The plaintiff has raised objection when the defendants have started using the words ' D.P.Jagan'.

Still further, it is not disputed by learned counsel for the respondents that since 2013 when the temporary injunction was granted against defendants, they have not been using the business name “D.P.Jagan & Company”. Even after the decision of the learned Trial Court defendants have not started using the business name “D.P.Jagan & Company”. In such circumstances, it would not be appropriate for this Court to now permit the defendants to start using the business name D.P.Jagan & Company.

Keeping in view the aforesaid facts, this Court has come to conclusion that since the plaintiff and the defendants are in the same trade, attempt o f the defendants to use almost identical name for running the similar business in the adjoining premises must be thwarted. There is sufficient material available on record to come to a conclusion that such deceptively similar name is likely to cause deception. Hence, the judgment passed by the learned Trial Court is set aside. There shall be perpetual injunction against the defendants from using business name “D.P.Jagan & Company”. Appeal allowed.

12.05.2020

rekha

Whether speaking/reasoned

Whether Reportable

(ANIL KSHETARPAL)**JUDGE**

Yes / No

Yes / No