

IN THE HIGH COURT OF JUDICATURE AT MADRAS

Reserved on : 14.07.2021	Pronounced on : 20.07.2021
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Coram:

THE HONOURABLE DR. JUSTICE G.JAYACHANDRAN

A.No.1368 of 2020
in C.S.No.736 of 2019

S.Chelliah Chettiar Firm,
Exporter of Savouries,
No.149-A, Ilayarasanandai Road,
Kovilpatti – 628502
Tuticorin District

Having Factory at
No.8/1-C, Sri Murugan Theatre,
Sattur,
Virudhunagar District.

... Applicant

/versus/

M/s.V.V.V & Sons Edible Oils Limited,
Represented by its Director,
M.Rajiv Vignesh,
No.443, Bazaar,
Virudhunagar – 626 001.

Registered Address
No.6, 6/2, Ellayamudali Street II Lane,
(Kailasam Street),
Tondiarpet,
Chennai – 600 081.

... Respondent

Prayer: Civil Suit is filed under Order 14 Rule 8 of Original Side Rules read with Order VII Rule 11 of C.P.C.

(a). To reject the plaint in C.S.No.736 of 2019.

For Applicant

:Mr. A.E.Ravichandran

For Respondent

:Mr.R.L.Ramani, Senior Counsel
for Mr.B.Raveendran

ORDER

The suit is for permanent injunction and consequential reliefs under Trademarks Act, which is classified as commercial dispute under the Commercial Courts Act, 2015.

2. The sole defendant has filed application to reject the plaint on the ground of lack of cause of action, suppression of facts, re-litigation and abuse of process of Court.

3. Case of the plaintiff:

(i). The Plaintiff is in the trade of manufacturing and marketing edible oil, pulses, cereals and appalams. The plaintiff initially commenced business in

the year 1943 as a Firm by name V.V.V& Sons. In the year 2008, it was transformed into a Limited Company duly registered under the Indian Companies Act. The plaintiff's products are sold under the trademark and brand "Idhayam". The plaintiff obtained registration of the trademark, "Idhayam" as a word mark on 15.10.1992. The registration is periodically renewed and valid till date. The plaintiff is exploiting the trademark 'Idhayam' for its products which has market in and outside India. The plaintiff's word mark "Idhayam" has reputation among its customers in India and abroad for its quality. The plaintiff has established substantial goodwill and trans-border reputation, word mark strength.

(ii). The defendant claiming to be an exporter of sweets and savouries to Countries abroad, is affixing the word 'Idhayam' on his goods, the mark which is the registered trademark of the plaintiff. Though, the plaintiff has registration for Class 29 and the defendant is using the word mark for different class of goods, the use of the word "Idhayam" by the defendant which is deceptively similar, it will confuse and deceive the plaintiff's customers. In the wrapper, though it is mentioned that it is for export to a Company in USA, still the affixture of the mark "Idhayam" on the wrapper within India constitutes infringement.

4. Case of the defendant:

(i). The defendant seeks rejection of the above plaint, on three grounds. Firstly, the defendant states, he is a contractor. He is the manufacturer of savouries and sweets exclusively for export to USA based on the purchase orders placed by M/s.Meenakshi Overseas LLC, USA, which holds the trademark “Idhayam South Indian Delite” under registration No.4334000 for Classes 29 and 30 issued by the United States Patent and Trademark Office. The defendant as manufacturer, execute the order placed by M/s.Meenakshi Overseas LLC for savouries and sweets. The sweets and savouries are packed by the defendant in the wrapper, as per the specification of its buyer M/s.Meenakshi Overseas LLC. The defendant does not involve in marketing or selling the said products anywhere directly. In the pack, the name of M/s.Meenakshi Overseas LLC, USA, is predominantly mentioned as the Distributor and also the registered trademark owner of “Idhayam South Indian Delite” in USA and Canada. The plaintiff had not chosen to sue the Company, who owns the trademark “Idhayam South Indian Delite”, the principle under whom the defendant is the contractor. As such, there is no cause of action for the plaintiff to sue the agent without suing the principle.

(ii). The plaintiff is owner of the trademark “Idhayam” for sesame oil

under class 29 and not for the trademark “Idhayam South Indian Delite” for manufacturing and marketing food items in class 29 and 30. It lost its legal battle to cancel the M/s.Meenakshi Overseas LLC trademark “Idhayam South Indian Delite” before the US Courts. Having lost the case against the principle, the plaintiff have no cause of action to sue the contractor merely by stating that the word “Idhayam” is affixed in the wrappers printed in India. When the product inside the said wrapper is not sold in India and the trademark “Idhayam South Indian Delite” is a registered trademark of M/s.Meenakshi Overseas LLC., in the country where the products is sold, the suit as such maintainable.

(iii). The suit is to be rejected for suppression of material facts about the proceedings before the Trademark Trial and Appellate Board, Alexandria, USA then before the United States District Court, Eastern District of California and then to Ninth Circuit of the Court of Appeals, USA to cancel Trade Mark registration granted to M/s.Meenakshi Overseas LLC, in respect of Trademark, “Idhayam South Indian Delite”, for food items in International Class 29 and 30. The United States Court of Appeals for the Ninth Circuit on 27.12.2019 held in favour of M/s.Meenakshi Overseas LLC., upholding the right of M/s.Meenakshi

Overseas LLC over the trademark “Idhayam South Indian Delite”. Soon thereafter, without disclosing the order of dismissal, the plaintiff had instituted the present suit on 30.12.2019 and obtained *ex parte* injunction against the defendant/the supplier of the goods without impleading the principle M/s.Meenakshi Overseas LLC. The conduct of the plaintiff is abuse of process of law.

(iv). The plaintiff Company has earlier filed suit against the principle M/s.Meenakshi Overseas LLC in C.S.No.726 of 2017 for injunction restraining the defendants M/s.Meenakshi Overseas LLC, M/s.Shivaraja Impex Company and M/s.Damodar Foods, from infringing the Trade Mark “Idhayam”. The said suit was rejected vide judgment and decree dated 01.02.2019. The present suit is on the same set of facts against the contractor/supplier in respect of another trade mark “Idhayam South Indian Delite” without impleading the owner of the said trademark and had obtained *ex parte* injunction. Thus, what the plaintiff could not achieve directly in the earlier round of litigation, had achieved indirectly by filing the suit against the supplier and re-litigating an issue heard and decided.

5. In response, the Learned Senior Counsel appearing for the plaintiff

submitted that, the plaintiff Company the holder of registered trade mark/word mark/device “Idhayam”, “IDHAYAM-SAMBANTHI”, “IDHAYAM DELITE” and “IDHAYAM DOTS”. The plaintiff’s products have good reputation and market in India and abroad. Relying upon Section 56 of the Trade Marks Act, the Learned Counsel canvassed that law provide equity of use of Trademark on goods meant for export with goods that are circulated domestically. The purpose of Section 56 of the Trade Mark's Act, is to protect the owner of a trademark from exploitation of that mark under the guise of it being utilised elsewhere in the world. Therefore, the plaintiff have a cause of action to maintain the present suit.

6. The Learned Counsel also relying upon the Interlocutory Orders passed in other suits on similar facts laid by this plaintiff viz., O.A.No.585 of 2017 in C.S.No.434 of 2017 dated 24.10.2017 and O.A.No.1282 of 2017 in C.S.No.987 of 2017 dated 05.07.2018 submitted that, this Court in the above two orders had upheld the right of the plaintiff to restrain the defendants from using the plaintiff’s mark “Idhayam” for the products manufactured and packed in India, even though it is claimed to be marketed outside India.

7. The defendant, in this case is admittedly affixing the disputed mark

“Idhayam” along with the words “South Indian Delite” on the wrappers containing the products manufactured by the defendant. The affixture of the name “Idhayam” on the wrappers for selling and exporting sweets and savouries is *per se* infringement of the trademark arising within the jurisdiction of this Court, hence the marketer of the product M/s.Meenakshi Overseas LLC., is not a necessary party to the suit. Therefore, the defendant is solely responsible for the act of infringement namely use of wrappers affixed with the mark “Idhayam”.

8. With regard to the allegation of suppression of legal proceedings instituted against M/s.Meenakshi Overseas LLC, the Learned Counsel referring the order of Ninth Circuit Court of Appeal dated 27.12.2019, states that, there is no suppression of facts. Actually, the US Court of Appeal in this order has partly allowed the appeal in favour of this plaintiff. The dispute has not reached its finality. Any event, the legal proceedings against M/s.Meenakshi Overseas LLC., shall by no way be a bar for this plaintiff to agitate its independent right of protecting its registered trademark by an Indian entity under the guise of exclusive export to foreign country. The Learned Counsel also submitted that the order dated 01.02.2019 passed in Application No.1948 of 2018 to reject the plaint in

C.S.No.726 of 2017 is now subject matter of intra court appeal therefore, the plea of re-agitating the settled issue is not correct.

9. The following citations relied by the Learned Counsels for the proposition mentioned.

1). ***M/s.Friends Overseas -vs- Swadi Product U.K. Ltd and others:*** (Registration of the identical mark in favour of the defendant with the Trade Mark Registry, United Kingdom will not come in the way of plaintiff seeking injunction as regards this country is concerned)

2). ***Cadila Pharmaceuticals Limited -vs- Sami Khatib of Bombay and others:*** (2011 SCC Online Bom 484) (Section 56 of the TM Act would apply to an action for infringement if the trade mark is applied in India to goods to be exported from India as the same is deemed to constitute use of a trade mark in relation to goods for any purpose for which such use is material under the Act)

3). ***K.K.Modi -vs- K.N.Modi and others (1998(3) SCC 573)*** (Re-litigation is abuse of process of law)

4). ***Crompton Greaves Limited and others -vs- Salzer Electronics Limited and others***

(*MANU/TN/0470/2011*) (The protection under section 30(2)(e) of the Trade Marks Act is deemed to apply for the owner of a registered trade mark in foreign Country. Application of the registered trade mark of the ultimate importer at UK, on the goods intended for export would not constitute as an infringement).

10. Apart from the above citations, the following orders of this Court which are from the suits filed by the plaintiffs in this Court and in the Court of Appeal at USA are also relied and referred.

- 1) Order in O.A.No.585 of 2017 in C.S.No.434 of 2017 dated 24.10.2017.
- 2) Order in O.A.No.1282 of 2017 in C.S.No.986 of 2017 dated 05.07.2018.
- 3) Order in A.No.1948 of 2018 in C.S.No.726 of 2019 dated 01.02.2019.
- 4) Order of Ninth circuit Court of Appeal dated 27.12.2019.

11. Of the orders mentioned above, the first two orders are relied by the respondent/plaintiff. These orders came to be passed in an interlocutory application for interim injunction. In these orders, the judgment of the Single Judge of this Court in *Crompton Greaves* cited supra nor the Division Bench Judgment of this Court confirming the Single Judge order in *Crompton Greaves* was referred. Whereas, in the third order, the Learned Judge has referred to all the

judgements cited before this Court and considering the facts and the law of precedent had allowed the application filed for rejection of plaint. In that case, i.e., C.S.No.726 of 2017, the present plaintiff has instituted suit complaining infringement of plaintiff's trademark "Idhayam". M/s.Meenakshi Overseas LLC., is the first defendant, M/s.Shivaraj Impex Company, Viruthunagar and M/s.Damodar Foods, Coimbatore are the second and third defendants. They are the Indian suppliers to the first defendant, who is carrying on business at USA.

12. The Learned Counsel for the plaintiff attempt to make a distinction between the earlier suit and present suit, stating the earlier suit is for the infringement of the trademark "Idhayam" in general. Whereas, the present suit is for "Idhayam- South Indian Delite" in specific. Further, the said order dated 01.02.2019 was passed when the appeal filed by the plaintiff before the Court of Appeal USA was pending. Further, the plaintiff has preferred appeal against the order of rejection of plaint and same is pending. Therefore, there is no suppression of fact.

13. The Learned Counsel for the applicant/defendant submitted that, in the present suit, the plaintiff had not only failed to mention about dismissal of

the earlier suit filed for similar relief but also cleverly omitted to array as defendant the principle trademark owner M/s.Meenakshi Overseas LLC., who is the registered trademark owner of “Idhayam - South Indian Delite” at the Trade Mark Registry, USA. This omission according to the applicant/defendant is material suppression of facts, a clever drafting to obtain *ex parte* injunction. Further, the Learned Counsel for the applicant also point out that the plaintiff has moved this suit after loosing his case in Court of Appeals at USA for the very same trademark “Idhayam – South Indian Delite” wherein, the plaintiff failed in their case challenging the registration of the trademark “Idhayam – South Indian Delite” in favour of M/s.Meenakshi Overseas LLC.

14. On hearing the rival submissions made as above, and on reading the orders and judgments relied, this Court conclude that, the order passed by this Court in Crompton and Creaves Limited, (both the order of the Single Judge and the order of the Division Bench confirming the order of the Single Judge), is factually near to the facts of the case in hand. Earlier, when the plaintiff came before this Court by way of suit in C.S.No.726 of 2017, this Court has discussed the facts and the litigations pending between the parties and had rejected the plaint

for the reasons stated. More particularly, it has rightly followed the dictum of the Division Bench in Crompton and Creaves case cited supra.

15. Further, this Court also note that trademark in dispute is “Idhayam South Indian Delite”. Reading the USA Court of Appeal order dated 27.12.2019, it appears, the plaintiff has partly succeeded to the extend of agitating the grant of trademark ‘Idhyam’ under Class 29 for gingili oil, but in respect of the trademark “Idhayam - South Indian Delite”, the plaintiff has lost its appeal. While the plaintiff had lost its appeal before the USA Court of Appeals where the said trademark is registered and product is marketed, the plaintiff has no legal right to prevent M/s.Meenakshi Overseas LLC entering into a contract with the defendant herein for manufacturing and packing the products in the wrapper containing the his registered trademark of “Idhayam- South Indian Delite” with specific note that the product is for sale outside India. Section 56 of the Trade Marks Act will be relevant only if the rival claimant outside India use the registered trade mark of the plaintiff and have no legal right to use it in the said foreign country.

16. In *Friends Overseas -vs- Swadi Product* cited supra and relied by the plaintiff, the main contesting parties are brothers. One of the brothers run

business in UK. The other brother supply goods under the mark 'Swadi'. When dispute arose between these two brothers, another brother started supplying goods under the same mark 'Swadi' with the help of the third defendant, who was in charge of packing the products with the mark 'Swadi'. The 3rd defendant happens to be the erstwhile partner of the first defendant in the business at UK. In the said contest, the Delhi High Court applying Section 56 of the Trade Marks Act, held that, the use of the plaintiff's Mark 'Swadi' by the defendants even if the product to be sold outside India, it will fall foul under Section 56 of the Trade Marks Act.

17. In the present case, the M/s.Meenakshi Overseas LLC., which is the customer of the applicant/defendant herein. They are the registered trademark holder for "Idhayam South Indian Delite" at USA. The plaintiff admits that the defendant manufacture sweets and savouries in India and supply to M/s.Meenakshi Overseas LLC at USA. On the wrapper of the sweets and savouries, the trademark of M/s.Meenakshi Overseas LLC is affixed. In such cases, the dictum laid in Crompton and Creaves by this Court is the proper dictum to follow since, on facts, both the cases are nearly similar, unlike the facts in M/s.Friends Overseas -vs- Swadi Product U.K.Ltd and others.

18. It is not difficult to understand why the plaintiff has specifically omitted to mention about a). the dismissal of the earlier suit C.S.No.726 of 2017 filed against M/s.Meenakshi Overseas LLC and others. b).the valid registration of the trademark “Idhayam South Indian Delite” in favour of M/s.Meenakshi Overseas LLC at USA and c). Non joinder of M/s.Meenaskhi Overseas LLC in this suit.

19. For completion, passages of the judgements are extracted below which will make clear why the plaint is to be rejected.

(i). Crompton Greaves Ltd and others -vs- Saizer Electronics Limited and others: (Single Judge) reported in MANU/TN/0470/2011.

31. The expression “use of the mark” in the Act, is intended to serve two purposes, viz., (i) to see if such use by third parties, constitutes infringement, and (ii) to see if there is bona fide usage of the mark by the proprietor of the mark himself, to enable him either to obtain registration or to continue have the benefit of registration under Chapter VI. To put it differently, the expression “use of the mark” is used in the Act, (i) in some places with reference to the use by the proprietor of the mark himself, and (ii) in other places with reference to the use by persons other than

the proprietor of the mark. Therefore, the meaning to be assigned to the expression, depends solely upon the context. This is why, a distinction is maintained between the use of the same expression in Chapter IV including Section 29(6)(c) and the use of the same expression in Chapter VI including Section 56(1). In Chapter IV, the expression “use of the mark” is used predominantly in connection with the use by third parties, tantamounting to infringement and the limitations upon the registered proprietor for prohibiting the others from using his mark. On the other hand, in Chapter VI, the same expression is used in connection with the use of the mark by the proprietor himself, either for the purpose of entitling him to the registration of the mark or for the purpose of retention of the already registered mark in the Register.

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34. But today, the Second Defendant has started engaging the First Defendant directly, for the supply of switchgears, for eventual sale and supply to another Company in UK by name CEF. Therefore, the First Defendant is applying the trademark “MCG” of the said Company CEF, on the goods exported to the Second Defendant. The application of the trademark “MCG” on the goods supplied by the First Defendant to the Second Defendant, is not intended either to cause confusion in the minds of the public or to create an impression that the goods are that of the Plaintiff. Even if the First Defendant makes exports without affixing any trademark on the goods, the supplier for whom they are intended, viz., CEF, would affix and would be entitled to affix their registered trademark MCG before tapping the market. At that

stage, the Plaintiff would have no cause to complain, since the use of a registered trademark by the proprietor, would not tantamount to infringement of the registered trademark of another. This is clear from Section 30(2)(e) of the Act.

35. Though to claim protection under Section 30(2)(e), both the registered trademark as well as the infringing mark should have been registered under this Act, a similar protection would be available to the Defendants herein, for two reasons:

(i) While the application of the mark MCG by the First Defendant takes place in India, the infringement, if at all there is any, takes place outside India, due to the fact that the supply is to a specific customer outside India, who himself has registration for the said trademark at the place of supply viz., UK.

(ii) In the European market, the Plaintiff has obtained registration of the CG logo as a Community Trade Mark (CTM) and the ultimate supplier viz., CEF has also obtained registration of the trademark MCG in UK. Therefore, if the Plaintiff initiates action in UK against CEF, they would have protection under the European Council Directives, under provisions similar to Section 30(2)(e) of our Act. As a matter of fact, under Section 11(1) of the U.K. Trade Marks Act, 1994, a registered trademark is not infringed by the use of another registered trademark in relation to goods or services for which the latter is registered.

36. Therefore, I am of the view that the application by the first Defendant, of the registered trademark of the ultimate importer in UK, on the goods intended for export to such importer in UK, would not constitute an infringing use of the registered

trademark of the Plaintiff, either under Section 29(6)(c) or under Section 56(1) of the Act.

(ii). Crompton Greaves Ltd and others -vs- Saizer Electronics Limited and others: (Division Bench) reported in MANU/TN/2862/2011.

27. It is seen from the records that the learned Judge has held that even to claim protection under Section 30(2)(3), only if both the trademarks as well as infringed marks have been registered under this Act, such protection can be granted. It was also found by the learned Single Judge that the Appellant had obtained registration of the trade mark 'CG' logo as a community trade mark and the ultimate supplier i.e., CEF has also obtained registration of the trade mark 'MCG' in UK. Therefore, if the Plaintiff initiates action in UK against 'CEF', then they might get protection. Such a finding of the learned Judge is based on the materials available on record and we do not see any reason to interfere with the same.

28. We also take note of the fact that the First Respondent is affixing the registered trade mark namely 'MCG' only on the goods exported to the Second Respondent, at the instance of the First Respondent himself to supply it to the actual owner of the trade mark 'MCG'. Therefore, as rightly pointed out by the learned Judge, the First Respondent was only carrying on the job work assigned to them by the Second Respondent, which the First Respondent was earlier carrying out on behalf of the Appellant. Therefore, there is no question of infringement of the products of the Appellant by the First Respondent, as alleged. As stated supra, when there is vast difference between the two products, there

*cannot be any deceptive similarities between the symbols, hence,
there cannot be any infringement as alleged by the Appellant.*

20. In this case, from the Ninth Circuit Court of Appeal order dated 27.12.2019, this Court understand that, during the year 2009 M/s.Meenaskhi Overseas LLC., had filed a trademark application with the United States Patent and Trademark Office to register the mark “IDHAYAM” (mark 654) for use with sesame oil International class 29. The V.V.V & Sons, the plaintiff herein has opposed the application before Trademark Trial and Appellate Board (TTAB). However, the plaintiff failed to respond TTAB show cause order by 2010, hence the opposition petition was recorded as abandoned. Subsequently, M/s.Meenakshi Overseas LLC., had made two more additional marks featuring the word ‘Idhayam’ and it was registered without any opposition. (The mark are 172 and 000- IDHAYAM - South Indian Delite for goods under International Class 29 and 30) The plaintiff’s attempt to get the trademark ‘Idhayam ‘was denied by the TTAB. The appeals filed by the plaintiff was partially allowed by TTAB. While TTAB dismissed the plaintiff appeal in respect of mark 654 – Idhayam Sesame oil. It allowed the appeal in respect of other two marks 172 and 000. Further appeal to Federal Court against the disallowed portion, the Federal Court dismissed it for

lack of jurisdiction. The District Court which entertained the appeal, dismissed the appeal of the plaintiff in respect of trade mark 654. Further, the request of the plaintiff to amend the claim adding “654” mark as invalid due to fraud also dismissed. In respect of the order passed by TTAB regarding mark 172 and 200, M/s.Meenakshi Overseas LLC moved application to dismiss the plaintiff claim and same was allowed since, the plaintiff V.V.V. & Sons did not oppose the motion due to complexity of the area of law and the desire to have the Ninth Circuit Court of Appeals to review the case. Thus, the Ninth Circuit Court of Appeals in its order dated 27.12.2019 in respect of mark 654 (registration in favour of M/s.Meenakshi Overseas LLC., the mark ‘Idhayam’ for International Class 29, sesame oil) has held that,

“Whether the issue preclusion applies here presents a more difficult question that neither the parties nor the district court addressed. We therefore leave it to the District Court to consider, in the first instance, whether VVV should be precluded from litigating certain issues because of the TTAB judgement”.

21. In respect of the other two claims as to ‘000’ (Idhayam – South

Indian Delite) and 172, the Ninth Circuit Court of Appeals has affirmed the District Court's order dismissing V.V.V & Sons (plaintiff herein) claims.

22. In sum and substance, the plaintiff has lost its opposition to M/s.Meenakshi Overseas LLC trademark '000' "Idhayam –South Indian Delite" for goods under International Class 29 and 30. If at all, any scope for the plaintiff to litigate upon the trademark, it would be only before the District Court at USA regarding the Trademark No.654 "**Idhayam**" where the appeal is remanded for consideration of its opposition along with the amendment petition. Insofar as, the trademark "**Idhayam-South Indian Delite**" as on the date of filing the suit, the plaintiff had no cause of action to sue anyone neither the principle M/s.Meenakshi Overseas LLC., nor its supplier for infringement of the said trademark. The plaintiff have no semblance of trademark right over the word, "Idhayam-South Indian Delite".

As already observed, Section 56 of the Trade Marks Act is not applicable to the facts of this case and the plaintiff has no equitable reason to seek protection of the trademark "Idhayam-South Indian Delite" being used in the

wrappers of the product to be sold in USA where the marketer have registered the said mark under the lawful authority of that country. Knowing fully well about the legal position, the plaintiff, who has been litigating viciously, had wantonly suppressed the very vital facts substantial for the Court to arrive at the desirability of granting ex-parte injunction.

23. This Court holds that the plaint deserves rejection for material suppression of facts, abuse of process of law, re-agitating the settled issue by clever drafting and for lack of cause of action.

24. For the reasons stated above, the Application to reject the plaint is Allowed. Consequentially, the suit is dismissed with costs of Rs.2,00,000/- payable to the defendant.

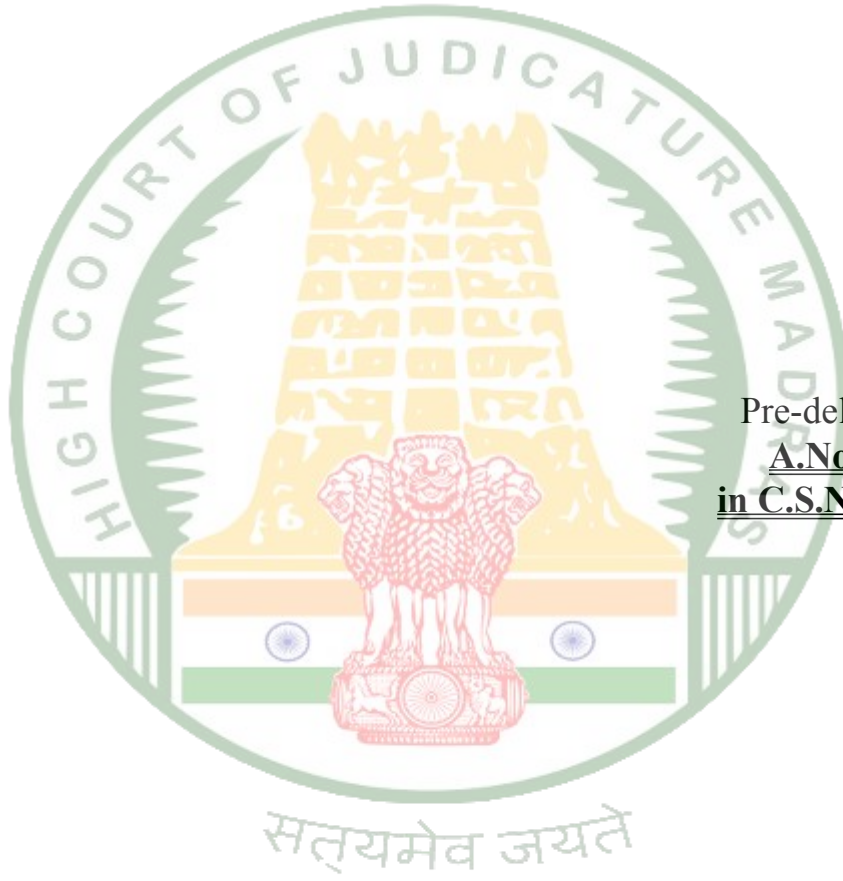
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Index : Yes
Internet : Yes/No.
Speaking order/Non-speaking order

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Dr.G.Jayachandran,J.

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Pre-delivery Order in
A.No.1368 of 2020
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