IN THE HIGH COURT OF JUDICATURE AT MADRAS

ORDERS RESERVED ON : 07.12.2021

PRONOUNCING ORDERS ON : 10.12.2021

Coram:

THE HONOURABLE JUSTICE MR.N.ANAND VENKATESH

OA Nos.382, 383 and 384 of 2021

in

C.S.No.10 of 2021

M/s.Suresh Industries,
A partnership Firm represented by its
Partner Mr.Jitendra Kumar V.Shah
Plot No.2, the Vysarpadi Co-operative Industrial Estate,
Erukkancherry High Road,
Vyasarpadi,
Chennai 600 039 ..Applicant / Plaintiff
in all applications

. Vs.

Mr.G.Suresh, proprietor,
Trading as M/s.Ambica Camphor Industries,
1-4-879/65, Gandhi nagar,
Hyderabad – 500 080 .. Respondent/Defendant
in all applications

Prayer in OA No.382 of 2021: Judge's Summons filed under Order XIV Rule 8 of Original Side Rules read with Order XIII A of Code of Civil Procedure, 1908.

a. the application should not be treated as Urgent?

b. this Hon'ble Court should not be pleader to grant an order of interim injunction restraining the respondent / defendant by itself, its servants or agents or anyone claiming through it from in any manner infringing the applicant/plaintiffs registered Trade mark AMBIKA as described in the schedule hereunder by using the offending trade name / trading style AMBICA SHAKTI or any other mark, label or device which is identical or deceptively similar to or a colourable imitation of the Applicant/ Plaintiff's trademark AMBIKA pending disposal of the present suit?

c. such further or other orders should not be passed as this Hon'ble Court deems fit and proper?

Prayer in OA No.383 of 2021: Judge's Summons filed under Order XIV Rule 8 of Original Side Rules read with Order XIII A of Code of Civil Procedure, 1908.

a. the application should not be treated as Urgent?

b. this Hon'ble Court should not be pleader to grant an order of interim injunction restraining the respondent / defendant by itself, its servants or agents or anyone claiming through it from in any manner passing off its products as that of the applicant / plaintiff's by using the offending trade mark AMBICA SHAKTI or any other trade mark which is similar or deceptively similar to that of the plaintiff's trade mark AMBIKA either by manufacturing or selling or offering for sale or in any way advertising the same or in any other manner whatsoever?

c. such further or other orders should not be passed as this Hon'ble Court deems fit and proper?

Prayer in OA No.384 of 2021: Judge's Summons filed under Order XIV Rule 8 of Original Side Rules read with Order XIII A of Code of Civil Procedure, 1908.

a. the application should not be treated as Urgent?

b. this Hon'ble Court should not be pleader to grant an order of interim injunction restraining the respondent / defendant by itself, its servants or agents or anyone claiming through it from in any manner infringing the applicant/plaintiffs registered Trade mark AMBIKA as described in the schedule hereunder by using the offending trade name / trading style AMBICA CAMPHOR INDUSTRIES or any other trade name using the registered trade mark AMBIKA or any part thereof or anyother mark which is identical or deceptively similar to or a colourable imitation of the applicant/plaintiff's trademark AMBIKA?

c. such further or other orders should not be passed as this Hon'ble Court deems fit and proper?

For Applicants : Mr.A.Prasanna Venkat

for M/s.APR Associates

For Respondents : Mr.Sathish Parasuran
Senior counsel for
M/s.V.Sivakumar

COMMON ORDER

These applications have been filed by the plaintiff seeking for the relief of interim injunctionrestraining the respondent from infringing the applicant's registered trademark 'AMBIKA', their tradename and to restrain the respondent from in any manner passing off their products as that of the applicants by using the offending trademark 'AMBICA SHAKTI'.

2. The case of the applicant is that they are one of the leading players in the field of pooja products, particularly camphor used for religious and pooja purposes. Initially the business was run as a proprietary concern and the trademark AMBIKA was used since 1978. The business picked up and a partnership firm was formed and thereafter the plaintiff claims that they became one of the market leaders in the manufacture and marketing of camphor products in India.

3. The applicant thereafter made applications before the concerned authority to register the trademark. As on date, the following trademarks have been registered under class 3 and the particulars are extracted hereunder:

SI. NO.	TRADEMARK	CLASS	FILING DATE	NUMBER	STATUS
1.	AMBIKA	3	11.10.1991	560180	Registered
2.	AMBIKA KARPOORAM	3	08.02.1999	840287	Registered
3.	AMBIKA KARPOORAM	3	08.02.1999	840288	Registered
4.	AMBIKA PURE KARPOORAM	3	15.11.2011	1059362	Registered
5.	AMBIKA	3	31.12.1990	842696	Registered

4. The applicant also claims that they are well established in the business with turnover running to crores of rupees and they have received tremendous patronage from the trade and public. The applicant further claims that they have achieved sufficient reputation and goodwill for their distinctive trademark “AMBIKA’.

5. The grievance of the applicant is that during the month of February 2019, they came across camphor products sold under the trademark 'AMBICA SHAKTI' by the respondent. Hence, the applicant issued a legal notice dated 11-2-2019 to the respondent and called upon the respondent to cease and desist from using the trademark AMBICA SHAKTI. One more legal notice was issued to the respondent on 23-11-2020 with a similar request. The applicant received a reply notice dated 26-12-2020 from the respondentand the applicant was informed that the respondent has a registered trademark in class 3 since 1996. The applicant immediately after coming to know of the same, made an application for removal of the trademark granted to the respondent in December 2020. The applicantfound that the respondent was continuing to use the offending trademark and hence has chosen to file the above suit against the respondent claiming for various reliefs.

6. The respondent has filed a common counter-affidavit. The respondent has raised certain preliminary objections with regard to the maintainability of the suit/application on the ground that the respondent is also a registered proprietor for the trademark AMBICA

SHAKTI and enjoys a statutory right to use it as providedU/s 28(3) of the Trademarks Act, 1999 (herein after referred to as ‘the Act’) and that no cause of action has arisen within the territorial jurisdiction of this court and hence the applicant cannot maintain the suit without obtaining the leave under clause 12 of the Letters Patent and that the claim made by the applicant is barred by acquiescence, delay and latches. The respondent has also refuted the claim made by the applicant on merits and has also questioned the credit worthiness of the documents relied upon by the applicant to substantiate their claim. In so far as the claim made on the ground of passing off, the respondent has taken a stand that the applicant has not fulfilled the essential requisites of prior user, misrepresentation and loss or likelihood of loss to the applicant. Therefore, according to the respondent, the applicant is not entitled for any interim order under the head passing off.

7. Heard Mr.A.Prasanna Venkat for M/s.APR Associates, learned counsel for the applicant and Mr.Sathish Parasuran, learned Senior counsel for Mr.V.Sivakumar, learned counsel for the respondent.

8. Before this Court goes into the various contentions raised on either side, one of the preliminary objection with regard to seeking the leave of the Court under clause 12 of the Letters Patent has to be necessarily dealt with. It has to be immediately pointed out that the respondent had earlier filed an application in application no.2825 of 2021 for rejection of plaint and one of the grounds that was raised was that this court has no territorial jurisdiction since the respondent is not marketing its products anywhere in Tamilnadu and no cause of action has arisen within the jurisdiction of this Court. This issue was dealt while dealing with the application and it was held that this Court has territorial jurisdiction and the right was traced to section 134(2) of the Act. Ultimately the application was dismissed by an order dated 27-9-2021.

9. The finding given by this Court while dismissing the rejection of plaint application would have been sufficient to reject the preliminary objection raised by the respondent in this application. However, the judgement passed in [***SIMPSON AND COMPANY LTD VERSUS SHRI RHYTHM AGARWAL] reported in 2021 5 LW 412*** was

brought to the notice of this Court. In the said judgement, the plaintiff therein was carrying on with the business at Chennai and had traced the territorial jurisdiction by relying upon section 134(2) of the Act. The learned single judge while dealing with the said issue, held as follows:

> *31. Clause 12 of the Letters Patent of the Madras High Court provides for two categories of Suits, namely (i). Suits pertaining to immovable properties i.e., suit for land or property and (ii). all other suits i.e., Suits other than those for lands or properties. Suit in connection with intangible rights like trademark, copy right etc., falls under the second category. Three situations arise for maintaining a Suit in respect of the second category of the Suits. They are:-*
>
> *a).Where cause of action has wholly arisen within the territorial jurisdiction of this Court*
>
> *b).Where cause of action has arisen in part, leave of this court should have been first obtained and*
>
> *c).Where defendant at the time commencement of the*

Suit dwells/carries on business or personally works for gain within the territorial jurisdiction of this Court.

33. In Urooj Ahmed, Lords Enterprises (India) vs. Preethi Kitchen Appliances Pvt. Ltd., reported in MANU/TN/1978/2013 : (2013) 6 CTC 247, the Division Bench of this Court following the judgment of another Division Bench held that, "there is no difficulty in appreciating the submissions of the learned counsel appearing for the appellant that when there is a part of cause of action having arisen outside the jurisdiction of the Court, a leave under Clause 12 of the Letters Patent is required mandatorily. Consequently, when such a leave has not been obtained already, the same cannot be cured subsequently, as held by this Court in, The Clan Line Steamers Ltd., V. Gordon Woodroffe & Co., (MANU/TN/0211/1980 : AIR 1980 Madras 73). However, the said proposition of law on the interpretation of Clause 12 of the Letters Patent does not have any application to the present case. As discussed earlier, *there are specific averments in the plaint about the defendants selling their infringing goods at Chennai and passed off their own goods as that of the plaintiff. In view of the said averments, we do not find that the plaint is liable to be rejected for not obtaining leave as the same is not required under law."*

34. It is pertinent to note that, in the plaint there is no averment that the defendant is selling its product within the territorial jurisdiction of this court thereby causing passing off. It is also not the case of the plaintiff that the "whole" cause of action arose within the territorial limit of this Court. The bundle of facts as stated in the plaint just say "substantial part" of cause of action arisen within the territorial jurisdiction of this court. But then, the suit is laid without obtaining prior leave to sue.

35. Under clause 12 of the Letters Patent, leave to sue is a mandatory requirement to sue the defendant who is *not carrying on business within the territorial limits of this court and when only part cause of action has arisen within the territorial jurisdiction of this Court. In the instant case, the plaintiff has not obtained prior leave of the court, hence there is a legal impediment an embargo for the plaintiff to sustain the suit.*

36. In this case, the plaint states that substantial cause of action had arisen within the jurisdiction of this Court. It is not the plaintiff's assertion that the whole cause of action arisen within the local limits of this Court. The expression 'substantially' and 'wholly' are not interchangeable or synonyms. They mean different state of affairs. Admittedly, the defendant is not carrying on his business within the jurisdiction of this Court. The cause of action for infringement and passing off substantially outside the territory of this Court. Therefore, leave to sue under clause 12 of Letters Patent is a prerequisite to admit the suit on file. The irregularity in taking the suit on file contrary to law is *not a condonable action. Law does not even postulate post-grant of leave. Further, leave to sue is not an absolute right, it may either be refused or may be revoked at later point of time, if it is found the balance of convenience is otherwise.*

10. The learned single judge has held that section 134(2) of the Act only confers additional jurisdiction and if the entire cause of action had not arisen within the jurisdiction of this Court and the defendant is not carrying on business within the jurisdiction of this Court, the applicant has to necessarily obtain leave under clause 12 of the Letters Patent failing which the suit itself is liable to be dismissed by granting liberty to the plaintiff to file a fresh suit for the same cause of action before the appropriate court.

11. With due respects to the learned single judge, the law as enunciated in the above judgement runs contra to the judgement of the Hon'ble SupremeCourt, a Full Bench judgment of this Court and the Division Bench of this Court.

12. The judgement of the Hon’ble Supreme Court in Indian **[Performance Rights Society Ltd. vs. Sanjay Dalia]** reported in **2015 10 SCC 161** deals with this issue as follows :-

21. At the same time, the provisions of Section 62 of the Copyright Act and Section 134 of the Trade Marks Act have removed the embargo of suing at place of accrual of cause of action wholly or in part, with regard to a place where the Plaintiff or any of them ordinarily resides, carries on business or personally works for gain. We agree to the aforesaid extent the impediment imposed Under Section 20 of the Code of Civil Procedure to a Plaintiff to institute a suit in a court where the Defendant resides or carries on business or where the cause of action wholly or in part arises, has been removed. But the right is subject to the rider in case Plaintiff resides or has its principal place of business/carries on business or personally works for gain at a place where cause of action has also arisen, suit should be filed at that place not at other places where Plaintiff is having branch offices etc.

13. The Full bench of this Court in [***M/s.Duro Flex Pvt. Limited, represented by its Managing Director v. M/s.Duroflex Sittings System] reported in 2014 6 CTC 577*** has held as follows:

31. Learned Counsel for the appellant sought to conclude his submissions on this aspect by setting out three situations which arise for grant of leave in suits arising out of Trademark infringement: -

"(i) The plaintiff resides within the jurisdiction and thus irrespective of situs of Trademark and act of infringement or residence of defendant, no prior leave would be required in view of Section 134(2) of the Trade Marks Act.

(ii) The defendant resides within the jurisdiction of the Court and thus irrespective of the situs of Trademark/act of infringement, Clause 12 of the Letters Patent would apply and no prior leave would be

required.

(iii) The place where the plaintiff and defendant reside/carry on business decides the jurisdiction of the Court. The situs of the Trademark registry is within the jurisdiction, which gives the part of cause of action where prior leave could be required under Clause -12 of the Letters Patent."

54. In paragraph 31 aforesaid, three situations have been set out which arise for grant of leave arising out of a trademark infringement. In two eventualities, the question of obtaining prior leave would not arise, i.e., when the plaintiff resides within the jurisdiction of the Court, benefit conferred by Section 134(2) of the Trade and Merchandise Marks Act, 1958 and when the defendant resides within the jurisdiction of the Court. It is in the third eventuality which is material for the controversy. On the plea of the appellant that the situs of the Trademark Registry within the jurisdiction of the

Court would give a part of cause of action on the issue of registration of the trademark alone being sufficient, we have already given a finding under the first question of law aforesaid. Thus, a bundle of facts would determine whether the cause of action has arisen qua the trademark infringement within the jurisdiction of the Court.

14. The Division Bench of this Court in [***Wipro Limited and*** *Ors. vs. Oushadha Chandrika Ayurvedic India (P) Limited and Ors.]* ***reported in 2008 3 CTC 724*** held thus:

14.It is, thus, seen that Section 62 of the Copyright Act and Section 134 of the Trade Marks Act prescribe an additional ground for attracting the jurisdiction of a Court over and above the normal ground, as laid down in Section 20 of the C.P.C. In other words, a special right is conferred on the proprietor of the registered trade mark to institute a suit for infringement of any trade mark or copyright in the district within whose *jurisdiction he resides or carries on business. The provision contained in non-obstante clause by using the phrase "notwithstanding anything contained in the C.P.C, 1908 (5 of 1908) or any other law for the time being in force" is made with a view to give a overriding effect to the said provision. It is equivalent to saying that the provision would hold the field notwithstanding anything contained in the C.P.C or any other law for the time being force. Moreover, by virtue of Section 120 of the C.P.C, the provisions of Section 20 are not applicable as far as High Court is concerned. Therefore, the scope of this section cannot be curtailed by reference to Section 20 of the C.P.C or Clause-12 of the Letters Patent. Therefore, in a case of infringement of trade mark or copyright covered by Section 134(2) of the Trade Marks Act or Section 62(2) of the Copyright Act, the question of plaintiff taking prior leave under Clause 12 of the Letters Patent does not arise and the plaintiff need not take leave of the Court under Clause 12 of the Letters Patent even if only a part of the cause of action* *or no part of the cause of action arose within the jurisdiction of this Court, if the plaintiff ordinarily resides or carries on business within the jurisdiction of the Court.*

15. It is clear from the above judgements that section 134(2) of the Act carves out an exception to the applicability of section 20 of CPC and clause 12 of the Letters Patent. The impediment that has been imposed on the applicant under these provisions is removed if the applicant is able to bring his case within the scope of section 134 (2) of the Act by showing that the applicant actually and voluntarily carries on business within the local limits of the jurisdiction of the Court.

16. In view of the above discussion, this Court has to necessarily hold that the judgement of the learned single judge in M/s Simpson and Company Ltd case referred supra is hit by the *per in curium* principle. The learned single judge was bound by the judgements of the Hon'ble Supreme Court and also the Full bench and Division Bench of this Court and the findings of the learned single

judge runs contra to the ratio propounded in the above judgements. The judgement of the learned single judge cannot be taken to be a binding precedent and hence, there is no requirement for this Court to refer the issue to a Division Bench.

17. The above discussion leads to the finding that the suit filed by the applicant is maintainable since the principal place of business of the applicant is within the jurisdiction of this Court and hence, squarely falls under section 134 (2) of the Act.

18. This Court will now proceed further to deal with the other issues raised by either side.

19. It is an admitted case that the applicant is using the mark AMBIKA from the year 1978 and their first registration of the trademark under class 3 took place in the year 1990/1991.Whereas, the respondent has been using the mark AMBICA SHAKTI from the year 1996 onwards and also registered their trademark. This is a case where the mark of both the applicant and the respondent are registered. Section 28(3) of the Act, makes it sufficiently clear that as

between two persons who are registered proprietors of the trademarks, there is no exclusive right to use the said trademark against each other. In other words, this provision gives a concurrent right to both the persons to use the registered trademark in their favour. The law on this issue is well settled and there is no requirement to burden this order by citing all the judgements and extracting the same.

20. It is also an admitted fact that the applicant has submitted an application for the rectification/cancellation of the trademark of the respondent during December 2020 and in the same manner, the respondent has also submitted for rectification/cancellation of the registered trademark of the applicant during February 2021 and both these applications are pending. Section 124(5) of the Act specifically provides that even if the main proceedings are stayed where the validity of the registration of trademark is questioned, as in the present case, that does not preclude the Court from making any interlocutory orders during the period of stay of the suit. Hence, there is no bar for this Court to proceed further to hear these applications seeking for interim orders inspite of the pendency of the

rectification applications made by both the sides.

21. In a case where both the sides have a registered trademark, how far the Court will proceed further to injunct one of the parties having a registered trademark is always a matter of challenge. However, the observations of the Hon'ble Supreme Court in [***S. Syed Mohideen vs. P. Sulochana Bai reported] in 2016 2 SCC 683*** gives a clear indication at paragraph no. 33.2 and for clarity the same is extracted hereunder:

> *33.2 We uphold the said view which has been followed and relied upon by the courts in india over a long time. The said views emanating from the courts in india clearly speak in one voice, which is, that the rights in common law can be acquired by way of use and the registration rights were introduced later which made the rights granted under the law equivalent to the public user of such mark. Thus, we hold that registration is merely a recognition of rights pre-existing in common*

law and in case of conflict between the registered proprietors, the evaluation of the better rights in common law is essential as the common law rights would enable the court to determine whose rights between the two registered proprietors are better and superior in common law which have been recognised in the form of registration by the Act.

22. A careful reading of the finding of the Hon'ble Supreme Court shows that registration is merely a recognition of the rights pre-existing in common law and in case of conflict between two registered proprietors, evaluation of the better rights in common law would be the guiding factor. Taking cue from this judgement, this Court will now consider as to which party has a better right and/or how their rights must be balanced pending disposal of the above suit.

23. The main ground of attack by the learned counsel for the applicant is that the impugned mark of the respondent is deceptively similar and it also deals with the very same product namely camphor and that the documents relied upon by the respondent to establish

their long use from the year 1996 is highly questionable and that even when the respondent applied for the registration in the year 1996, the applicant already had a registered trademark AMBIKA and inspite of the same, the respondent with a malafide intention proceeded to register the impugned mark AMBICA SHAKTI and therefore, there was a malafide intention from inception. Per contra the learned senior counsel has set up a defence to the effect that the marks are different and not deceptively similar and that the respondent is entitled to the protection U/s 28(3) of the Act and the claim made by the applicant is badly hit by acquiescence, delay and latches. The learned senior counsel appearing for the respondent also questioned the genuineness of the documents relied upon by the applicant to establish their prior user and specifically drew the attention of this Court to para 12 of the counter-affidavit where such a specific plea has been taken. The learned senior counsel further submitted that the respondent is having their business confined to Secunderabad, Telangana and Hyderabad and does not intend to enter Tamil Nadu, where the applicant is having their entire business. It was therefore submitted that the parties can agitate their rights in the main suit itself and for the present status quo can be maintained.

24. Insofar as the various submissions made by either side touching upon the documents relied upon and questioning their genuineness, it is not an exercise to be carried out at this interlocutory stage and it requires appreciation of evidence. Therefore, this Court does not want to render any finding with regard to the genuineness of documents and this right can be reserved for trial and at the time of disposal of the suit on merits.

25. The registered trademark of the applicant is AMBIKA and the registered trademark of the respondent is AMBICA SHAKTI. The product in question is camphor which is used by a common man while performing prayers or any ritual attached to the religion. The specific case of the respondent is that their business is confined to Hyderabad and Secunderabad and they do not intend to percolate into Tamil Nadu market for the present. Since both the parties have a registered mark, taking cue from the judgement of the Hon'ble Supreme Court in ***Syed Mohideen case***, referred supra, this Court will now look into the rights of both the parties from the common law perspective.

26. It is at this juncture the plea of acquiescence gains a lot of significance. The learned senior counsel for the respondent placed reliance upon section 33 of the Act and submitted that there is a statutory recognition for this ground where the proprietor of the earlier trademark has acquiesced to the use of subsequent trademark for a continuous period of five years, unless he can prove that the registration of the subsequent trademark was not obtained in good faith. It was submitted that the respondent has been using the mark AMBICA SHAKTI from the year 1996 onwards and even as per the admitted case of the applicant, the first objection was made by the applicant in the year 2017 (7-12-2017). For the period up to 2019, the applicant kept quiet and only from February 2019 onwards legal notice was issued and the rectification application was made in December 2020. Ultimately the suit was filed only during April 2021. While pointing out to all these delays, the learned senior counsel urged that the acquiescence/latches on the part of the applicant in not instituting the suit immediately and waiting from the year 2017 onwards up to the year 2021, is fatal to the case of the applicant.

27. The ground of acquiescence/delay/latches must be

properly understood and useful reference can be made to some judgements in this regard. The Hon'ble Supreme Court in [**M/s Power Control Appliances and Others vs. Sumeet Machine Pvt. Ltd.]** **reported in 1994 2 SCC 448** held as follows:

26. Acquiescence is sitting by, when another is invading the rights and spending money on it. It is a course of conduct inconsistent with the claim for exclusive rights in a trade mark, trade name etc. It implies positive acts; not merely silence or inaction such as is involved in laches.

In Harcourt v. White 28 Beav 303 Sr. John Romilly said: "It is important to distinguish mere negligence and acquiescence." Therefore, acquiescence is one facet of delay. If the plaintiff stood by knowingly and let the defendants build up an important trade until it had become necessary to crush it, then the plaintiffs would be stopped by their acquiescence". If the acquiescence in the infringement amounts to consent, it will be a complete defence as was laid down in Mouson& Co. v.

Boehm (1884) 26 Ch D 406. The acquiescence must be such as to lead to the inference of a licence sufficient to create a new right in the defendant as was laid down in Rodgers v. Nowill (1847) 2 De GM & G 614: 22 LJ kCh 404.

27. The law of acquiescence is stated by Cotton, L.J. in Proctor v. Bannis (1887) 36 Ch D 740 as under:

It is necessary that the person who alleges this lying by should have been acting in ignorance of the title of the other man, and that the other man should have known that ignorance and not mentioned his own title.

In the same case Bowen, L.J. said:

In order to make out such acquiescence it is necessary to establish that the plaintiffstood by and knowingly allowed the defendants to proceed and to expend moneyin ignorance of the fact that he had rights and means to assert such rights.

28. In Devidoss and Co. at pages 33 and 34 the law is *stated thus:*

To support a plea of acquiescence in a trade-mark case it must be shown that the plaintiff has stood by for a substantial period and thus encouraged the defendant to expend money in building up a business associated with the mark. In (1896) 13 R P C 464, Rowland v. Michell, Romer J. observed:

If the plaintiff really does stand by and allow a man to carry on business in the manner complained of to acquire a reputation and to expend money he cannot then after along lapse of time, turn round and say that the business ought to be stopped.

In the same case, but on appeal Lord Russel C.J. said (1897) 14 R P C 37:

Is the plaintiff disentitled to relief under that head by injunction because of acquiescence? Of-course it is involved in the consideration of that that the plaintiff *has a right against the defendant and that the defendant has done him a wrong and the question is whether the plaintiff has so acted as to disentitled him from asserting his right and front, seeking redress from the wrong which has been done to him. Cases may occasionally lay down principles and so forth which are a guide to the Court, but each case depends upon its own circumstances.*

Dealing with the question of standing by in (1923) 40 R P C 138 Codes v. Addis and Son at p. 142, Eve J. said:

For the purpose of determining this issue I must assume that the plaintiffs are traders who have started in this more or less small way in this country, and have been continuously carrying on this business. But I must assume also that they have not, during that period, been adopting a sort of Rip Van Winkle policy of going to sleep and not watching what their rivals sand competitors in the same line of business were doing. I accept the evidence of any gentleman who comes into the box and gives his evidence in a way which satisfies *me that he is speaking the truth when he says that he individually did not know of the existence of a particular element or a particular factor in the goods marketed by his opponents. But the question is a wider question than that: ought not he to have known: Is he entitled to shut his eyes to everything that is going on around him, and then when his rivals have perhaps built a very important trade by the user of indicia which he might have prevented their using had he moved in time, come to the Court and say : 'Now stop them from doing it further, because a moment of time has arrived when I have awakened to the fact that this is calculated to infringe my rights.' Certainly not. He is bound, like everybody else who wishes to stop that which he says is an invasion of his rights, to adopt a position of aggression at once, and insist, as soon as the matter is brought to Court, it ought to have come to his attention, to take steps to prevent its continuance; it would be an insufferable injustice were the Court to allow a man to lie by while his competitors are building* *up an important industry and then to come forward, so soon as the importance of the industry has been brought home to his mind, and endeavour to take from them that of which they had legitimately made use; every day when they used it satisfying them more and more that there was no one who either could or would complain of their so doing. The position might be altogether altered had the user of the factor or the element in question been of a secretive or surreptitious nature; but when a man is openly using, as part of his business, names and phrases, or other elements, which persons in the same trade would be entitled, if they took steps, to stop him from using, he gets in time a right to sue them which prevents those who could have stopped him at one time from asserting at a later stage their right to an injunction.*

In (1960) 23 R P C 1, Me. Caw Stevenson & Orr Ltd. v. Lee Bros, acquiescence for four years was held to be sufficient to preclude the plaintiff from succeeding. In 1897 the plaintiffs in that case registered the word *'glacier' as a trade mark in respect of transparent paper as a substitute for stained glass. As the result of user the word had become identified with the plaintiffs' goods. In 1900 the defendants commenced to sell similar goods under the name "glazine." In 1905 the plaintiffs commenced an action for infringement. The defendants denied that the use of the word "glazine" was calculated to deceived and also pleaded acquiescence. A director of the plaintiff company admitted that he had known of the use of the word "gaizine" by the defendants for four years-he would not say it was not five years. It was held that the plaintiffs failed on the merits and by reason of their delay in bringing the action.*

Delay simpliciter may be no defence to a suit for infringement of a trade mark, but the decisions to which I have referred to clearly indicate that where a trader allows a rival trader to expend money over a considerable period in the building up of a business with the aid of a mark similar to his own he will not be allowed to stop his rival's business. If he were permitted *to do so great loss would be caused not only to the rival trader but to those who depend on his business for their livelihood. A village may develop into a large town as the result of the building up of a business and most of the inhabitants may be dependent on the business. No hard and fast rule can be laid down for deciding when a person has, as the result of inaction, lost the right of stopping another using his mark. As pointed out in (1897) 14 R P C 37, Rowland v. Michell, each case must depend on its own circumstances, but obviously a person cannot be allowed to stand by indefinitely without suffering the consequence.*

28. Yet another case that can be taken note of is the judgement of the DelhiHigh Court in **[M/s Hindustan Pencil Pvt. Ltd. Vs India Stationary Products and Co.] ILR (1989) I Delhi 115**. The relevant portions in the judgement are extracted hereunder:

30. Even though there may be some doubt as to whether latches or acquiescence can deny the relief of a *permanent injunction, judicial opinion has been consistent in holding that if the defendant acts fraudulently with the knowledge that he is violating the plaintiff's rights then in that case, even if there is an inordinate delay on the part of the plaintiff in taking action against the defendant, the relief of injunction is not denied. The defense of latches or inordinate delay is a defense in equity. Inequity both the parties must come to the Court with clean hands. An equitable defense can be put up by a party who has acted fairly and honestly. A person who is guilty of violating the law or infringing or usurping somebody else's right cannot claim the continued misuse of the usurped right. It was observed by Romer, J. in the matter of an application brought be J. R. Parkington and Co. Ld. (1946) 63 RPC 171 that "in my judgment, the circumstances which attend the adoption of a trade mark in the first instance are of considerable importance when one comes to consider whether the use of that mark has or has not been an honest user. If the user in its inception was tainted it* *would be difficult in most cases to purify it subsequently". It was further noted by the learned Judge in that case that he could not regard the discreditable origin of the user as cleansed by the subsequent history. In other words, the equitable relief will be afforded only to that party who is not guilty of a fraud and whose conduct shows that, there had been, on his part, an honest concurrent user of the mark in question. If a party, for no apparent or a valid reason, adopts, with or without modifications, a mark belonging to another, whether registered or not, it will be difficult for that party to avoid an order of injunction because the Court may rightly assume that such adoption of the mark by the party was not an honest one. The Court would be justified in concluding that the defendant, in such an action, wanted to cash in on the plaintiff's name and reputation and that was the sole, primary or the real motive of the defendant adopting such a mark. Even if, in such a case, there may be an inordinate delay on the part of the plaintiff in bringing a suit for injunction, the* *application of the plaintiff for an interim injunction cannot be dismissed on the ground that the defendant has been using the mark for a number of years. Dealing with this aspect Harry D. Nims in his "The Law of Unfair Competition and Trade Marks", Fourth Edition, Volume Two at page 1282 noted as follows:*

"Where infringement is deliberate and willful and the defendant acts fraudulently with knowledge that he is violating plaintiff s rights, essential elements of estoppels are lacking and in such a case the protection of plaintiffs rights by injunctive relief never is properly denied. "The doctrine of estoppels can only be invoked to promote fair dealings"."

31. It would appear to me that where there is an honest concurrent user by the defendant then inordinate delay or latches may defeat the claim of damage or rendition of accounts but the relief of injunction should not be refused. This is so because it is the interest of the *general public, which is the third party in such cases, which has to be kept in mind. In the case of inordinate delay or latches, as distinguished from the case of an acquiescence, the main prejudice which may be caused to the defendant is that by reason of the plaintiff not acting at an earlier point of time the defendant has been able to establish his business by using the infringing mark. Inordinate delay or latches may be there because the plaintiff may not be aware of the infringement by the defendant or the plaintiff may consider such infringement by the defendant as not being serious enough to hurt the plaintiffs business. Nevertheless, if the Court comes to the conclusion that prejudice is likely to be caused to the general public who may be misled into buying the goods manufactured by the defendant thinking them to be the goods of the plaintiff then an injunction must be issued. The Court may, in appropriate cases, allow some time to the defendants to sell off their existing stock but an injunction should not be denied.*

29. It is clear from the above judgements that acquiescence definitely plays a part while considering the grant of an order of injunction, since injunction is an equitable remedy. Delay simplicitor may not be a defence in a suit for infringement of a trademark. It is important to bear in mind the fine distinction between negligence and acquiescence. Acquiescence is one facet of delay and it will become fatal only where there is some positive act whereby the applicant allows the business of the respondent to expand even after coming to know of the infringement and thereafter hits the business of the respondent at a later point of time. This is a sure sign of acquiescence since there is a degree of mental element involved on the side of the applicant.

30. In the present case, the applicant became aware of the usage of the impugned mark AMBICA SHAKTI by the respondent in the year 2017 and made an objection/notice of opposition before the concerned authority. It is not known as to why the applicant waited for nearly 2 years to make the next move in the year 2019. Even after

making the next move in the year 2019, it is not known as to why the applicant waited till April 2021 to file the present suit. Of course, in the meantime, the applicant had filed for a rectification during December 2020 opposing the trademark registration of the respondent. This Court does not want to render any positive finding on the ground of acquiescence at this stage. However, there is certainly a delay on the part of the applicant from initiating action against the respondent, who has been using the mark from the year 1996 onwards. This ground certainly puts the applicant on the backfoot.

31. This Court has to necessarily look at the common law right since both the parties are proprietors of a registered trademark. This would mean that the principles involved in a passing off action will come into play. It is well settled that when it comes to a passing off action, there is a triple test that is employed to succeed in a passing off action, namely:

a) the user of the mark prior in point of time;

b) misrepresentation/deceit and;

c) Loss or likelihood of loss.

32. In the present case, there is no doubt that the applicant's trademark is prior in point of time. However, no sufficient materials are available to castigate the respondent with misrepresentation or deceit. One sure indicator which would have given this impression is if the respondent had percolated into the Tamil Nadu market. This has not happened till now and the respondent continues to have the business only confined to Hyderabad, Telangana and Secunderabad. The business is confined only to these places from the year 1996 onwards. The third test of loss or likelihood of loss is difficult to ascertain at this stage and it would involve rendering of accounts, if ultimately the Court finds that the applicant has succeeded in the claim in the suit. On a prima facie consideration, this Court does not find any likelihood of loss since the respondent is not having any business in Tamil Nadu and their business has always been confined to Secunderabad and Hyderabad.

33. In a passing off action, the defendant escapes the liability if he is able to show that the added matter is sufficient to distinguish

his goods from those of the plaintiff. In the present case, there is an addition of 'SHAKTI' as suffix to AMBICA, which is a registered trademark and that to a great extent distinguishes the goods of the respondent from the goods of the applicant.

34. While considering the relief of grant of interim injunction, this Court has to keep in mind the three principles, namely, prima facie case, balance of convenience and irreparable loss and hardship. Insofar as prima facie case is concerned, this Court finds that the claim made by the applicant is not frivolous or vexatious. However, this Court is not able to come to a conclusion as to whether there is a strong prima facie case since both parties are the proprietors of a registered trademark that has been used by them for a considerable time.

35. When it comes to the test of balance of convenience, it is always a test as to whether damages will adequately compensate if ultimately the applicant succeeds at the trial. Considering the fact that the respondent has been doing the business from the year 1996 onwards and has a healthy revenue, even if ultimately the claim is

held in favour of the applicant, the respondent would be in a financial position to pay the damages to the applicant. If on the other hand, the respondent is stopped from doing the business at this stage, it will virtually stop their revenue and if ultimately the applicant fails in their claim, the respondent cannot be sufficiently compensated through damages since by then, they would have lost substantial business. Therefore, if damages would be an adequate remedy for the applicant and the respondent will have the financial wherewithal to pay the applicant, an interlocutory injunction should not be granted, however strong the applicant's claim appears to be at this stage.

36. Insofar as the third ingredient namely, irreparable harm is concerned, the Court has to satisfy itself regarding the comparative mischief or inconvenience which is likely to arise for the parties. In other words, if the Court finds that the irreparable harm which is likely to arise from withholding an injunction will be greater than that which is likely to arise from granting it, the Court will deny the order of interim injunction. In the present case, this Court finds that the respondent will suffer an irreparable harm more than the applicant if the interim injunction is granted in favour of the

applicant.

37. In view of the above discussion, this Court is not inclined to grant the relief of interim injunction as sought for by the applicant in these applications. However, in order to provide a safeguard, the respondent is directed to maintain the status quo and confine their business to Secunderabad, Telangana and Hyderabad. That apart, the respondent is further directed to submit their statement of accounts for the income earned by them out of the business from 1-4-2021 till 30-11-2021 within a period of 2 weeks from today and they shall continue to furnish the statement of accounts every month for the income earned in the preceding months starting from January 2022 onwards. A copy of the same shall also be furnished to the learned counsel for the applicant. These interim measures will sufficiently safeguard the interest of the applicant.

38. All these applications are disposed of accordingly. Considering the facts and circumstances of the case, there will be no order as to cost.

10.12.2021

Internet: Yes

Index: Yes

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N. ANAND VENKATESH.,J.

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