

IN THE HIGH COURT OF JUDICATURE AT MADRAS

Reserved on : 05.01.2021

Pronounced on : 29.01.2021

CORAM

THE HONOURABLE MR. JUSTICE **C.V.KARTHIKEYAN**

O.A.No.553 of 2020
and
O.A.No.554 of 2020
in
C.S.(Comm.Div.) No.295 of 2020

1.Mr.A.D.Padmasingh Isaac
Proprietor, Aachi Spices and Foods,
Old No.4, New No.181/1,
6th Avenue, Thangam Colony,
Anna Nagar, Chennai – 600 040.

2.Aachi Masala Foods Private Limited
No.1926, 34th Street, I Block,
Ishwarya Colony, Anna Nagar West,
Chennai – 600 040.
Represented by its Director
Mr.Ashwin Pandian

3.Aachi Spices and Foods Private Limited
No.1926, 34th Street, I Block,
Ishwarya Colony, Anna Nagar West,
Chennai – 600 040.
Represented by its Director
Mr.Ashwin Pandian

4.Aachi Special Foods Private Limited
No.1926, 34th Street, I Block,
Ishwarya Colony, Anna Nagar West,
Chennai – 600 040.

Represented by its Director
Mr.Ashwin Pandian

5.Aachi Spices and Condiments Private Limited
No.1926, 34th Street, I Block,
Ishwarya Colony, Anna Nagar West,
Chennai – 600 040.
Represented by its Director
Mr.Ashwin Pandian

... Applicants/Plaintiffs
(in both the original applications)

Vs.

Aachi Chit Funds Private Limited
5-2E, Shakthi Vinayagar Nagar,
Vellalore, Coimbatore – 641 111.

...Respondent / Defendant
(in both the original applications)

Prayer in O.A.No.553 of 2020:- This application filed under Order XIV Rule 8 of O.S Rules read with Order XXXIX Rule 1 and 2 of C.P.C., praying to grant a interim injunction restraining the respondent/defendant, by himself, his servants, agents, distributors, or anyone claiming through him from manufacturing, selling, advertising and offering for sale using the name 'AACHI CHIT FUNDS PVT LTD., or any other similar Trade Mark name or similar sounding expression in any media and use the same in name board, invoices, letter heads and visiting cards or by using any other trade mark / name which is in any way visually or deceptively or phonetically similar to the 1st Applicant's / Plaintiff's trade mark / name AACHI and use the same in pouches, packets or use the mark in invoices, letters heads and visiting cards or part of their chit fund name any other trade, literature or boucher by using any other trade mark which is in any way visually, or phonetically similar to the Applicant's / Plaintiff's registered Trade Mark

Nos.838786 & 3370965 or in any manner infringing the 1st Applicant's / Plaintiff's registered Trade Marks referred herein pending disposal of the above suit?

Prayer in O.A.No.554 of 2020:- This application filed under Order XIV Rule 8 of O.S Rules read with Order XXXIX Rule 1 and 2 of C.P.C., praying to grant a interim injunction restraining the respondent/defendant by itself, its agents or servants or anyone claiming through or under him any business marketing, selling advertising using in trade literature, menu cards, invoices, name boards, website, internet advertisements the mark/name 'AACHI CHIT FUNDS P LTD' in relation to the Chit fund or with respect to or any other trade or on any other business the impugned trademark / name which is in any manner deceptively or phonetically confusingly similar to the Applicants / Plaintiffs Trade Mark / name AACHI or in any other manner pass off their business or goods as and for that of the Applicants / Plaintiffs pending disposal of the above suit.

For Applicants / Plaintiffs: Mr.P.S.Raman, learned Senior Counsel,
For Ms.Gladys Daniel.

For Respondent / Defendant: Mr.S.Diwakar.

COMMON ORDER

O.A.No.553 of 2020 has been filed seeking an order of interim injunction restraining the Defendant from infringing the Plaintiffs' registered trademark 'Aachi' in Trade Mark Nos.838786 and 3370965 by using any

phonetically similar mark and O.A.No.554 of 2020 has been filed seeking an order of interim injunction restraining the Defendant from advertising the mark / name 'Aachi Chit Funds Private Limited' with relation to the chit fund business or with any other trade of business thereby passing off their business as that of the Plaintiffs.

2.The Plaintiffs are Group companies. The suit had been filed seeking to protect their right in the trademark 'Aachi'. It had been stated in the plaint that the mark was first conceived and adopted by the 1st Plaintiff. There had been several evolutions as Partnership Firms and Private Limited Companies. However, the 1st Plaintiff as the Proprietor of the trademark, continues to use the trademark 'Aachi' through the licensees, the 2nd to 5th Plaintiffs. The Plaintiffs have diversified their business activities and started manufacturing and marketing various kinds of consumer goods. The Plaintiffs claim to be leading manufacturers of packaged masalas. The trademark 'Aachi' was first applied for registration in the name of the 1st Plaintiff trading as Naveen Products in the year 1999. Since then, it is claimed that more than 202 Applications have been filed for the trademark 'Aachi' in respect of various goods and services manufactured and provided by the 'Aachi Group of Companies'. It had been stated in the plaint that there

are 178 registrations of the trademark 'Aachi' in various word, label and stylized marks. The details of all the registrations have been given in the plaint.

3.The Plaintiffs had also expanded their business to several countries around the world and to secure statutory protection had also applied and obtained 39 registrations in various other countries, which details have also been given in the plaint. The 1st Plaintiff had also acquired international registration under the Madrid Protocol for the trademark 'Aachi' both as word and device marks. The details of the said registrations have also been given in the plaint.

4.The Plaintiffs had also given the turnover and promotional expenses of M/s.Abishek Enterprises, M/s.Naveen Products, M/s.Nazareth Foods Pvt., Ltd., and M/s.Aachi Masala Foods Pvt., Ltd., for the financial year 2014-2015. It was Rs.13,20,61,70,537.00/- and the promotional expenses for the same financial year was Rs.21,00,17,044.00/-. The turnover of the 2nd Plaintiff for the financial year 2019-2020 was Rs.13,04,89,77,872.00/- and the promotional expenses was Rs.24,81,93,412.00/- for the same financial year. It was therefore claimed that the Plaintiff had acquired substantial

goodwill and reputation.

5. On 26.09.2016, the 1st Plaintiff also secured the registration of the trademark 'Aachi' under class 36 with respect of Insurance, Financial Affairs, Monetary Affairs, Real Estate Affairs in Certificate No.3370965.

6. It had been stated in the plaint that in August – 2020, the Plaintiff came across the Defendant carrying on business under the name 'Aachi Chit Funds Pvt., Ltd'. The Plaintiffs claimed that usage of the name 'Aachi' by the Defendant is an infringement of the Plaintiffs' registered trademark 'Aachi'. In the plaint, it had been claimed that the usage of the identical name is a conscious attempt to encroach upon the goodwill and reputation built by the Plaintiffs. It had been stated that the Plaintiffs have diversified their business in various goods and services and therefore, there may be a possibility of general public believing that the defendant is actually a branch of the Plaintiffs. It had also been stated that there could also be a presumption among the general public that there is a connection between the Plaintiffs and the Defendant. It had been stated that the usage of the name 'Aachi' by the Defendant would create confusion in the market. It had been stated that the Plaintiff had been carrying on business from the year 1995 and

therefore, the adoption by the Defendant of the name 'Aachi' was without bonafide reasons. It was under these circumstances that the suit had been filed seeking protection of the mark 'Aachi' which had been registered under class 36 in Registration No.3370965 and also under class 30 as a word mark in Registration No.838786 and for consequential reliefs.

7.In the affidavit filed in support of the above Original Applications, the averments made in the plaint had been repeated.

8.The Applications came up for consideration on 02.11.2020 and this Court had granted an order of interim injunction and had directed notice to be served on the Defendant. On service of notice, the Defendant entered appearance and filed their counter.

9.In the counter affidavit, the Defendant claimed that it a company involved in providing Financial Services namely, running Chit Fund business and had been incorporated on 19.02.2014 with two Directors, the Promoters / Directors who hail from Vetriyur, a prominent place and part of Chettinadu around Karaikudi. It had stated that the womenfolk from Chettinadu area were formally called 'Aachi', as a mark of respect of their matronly nature.

10.It had been stated that the Defendant had been continuing the business from 2014 onwards for the past six years. There had been no confusion regarding the identity of the Defendant with that of the Plaintiffs' mark. It had also been stated that the Defendant has been openly and continuously using the corporate name in their business. It had also been stated that the Plaintiffs cannot claim exclusivity over the usage of the word 'Aachi'. It had also been stated that the Plaintiffs cannot prevent the Defendant from using the word 'Aachi' as a corporate name.

11.It had been stated that the Defendant had conceived the word 'Aachi' as a trade name very independently of the Plaintiffs and they have been in continuous business from the date of incorporation. It had also been stated that they are in a business which is totally different from that carried on by the Plaintiffs and it had been pointed out that even though the Plaintiffs have registered the mark in class 36, they have not given any details in the plaint regarding the business transactions with relation to the services mentioned under class 36. The Defendant in effect stated that they have been in business from the date of incorporation in February 2014. They stated that the order of injunction had caused much loss and hardship to them. It had been stated that the Plaintiffs have not had occasion to have any

grievances for the past nearly six years and had approached the Court with much delay and latches. The Plaintiffs should have been aware of the business carried on by the Defendant and it had been stated that the balance of convenience is in favour of the Defendant to continue to use their trade name. It had been therefore stated that the Original Applications should be dismissed.

12.A reply had been filed by the Plaintiffs, wherein, they have again reiterated their right over the mark 'Aachi' and have again stated that the Defendant's usage of the trade name 'Aachi' is only to encroach on the goodwill and reputation by the Plaintiffs. It had been stated that the balance of convenience is on the side of the Plaintiffs and that they would be put to much loss and hardship, if the Defendant were to continue to use the trade name 'Aachi'.

13.Heard arguments advanced by Mr.P.S.Raman, learned Senior Counsel for Ms.Gladys Daniel, learned counsel for the Plaintiffs and Mr.S.Diwakar, learned counsel for the Defendant.

14.For the sake of convenience the parties would be referred as Plaintiffs and Defendant.

15.It is the case of the Plaintiffs that they had registered on 26.09.2016 the mark 'Aachi' in class 36 to the schedule of the Trade Marks Act, 1999 in Trademark No.3370965 relating to Services, particularly, Insurance, Financial Affairs Monetary Affairs and Real Estate Affairs. It must also be mentioned that it is the claim of the Plaintiffs that they have adopted the mark 'Aachi' in the year 1995 itself. They have thereafter had an occasion to register the mark 'Aachi' both as a word mark and as a device mark, in practically most of the classes of goods and services as provided in the schedule of the Trade Mark Act, 1999. They also claim that they have built substantial goodwill and reputation. Documents relating to registrations of the trademark 'Aachi' and documents relating to the turnover and promotional expenses have been filed along with the plaint. There can be no dispute regarding the same.

16.Mr.P.S.Raman, learned Senior Counsel pointed out the registrations in India and outside the country and was very emphatic in his submission that the Plaintiffs have built up extensive goodwill and

reputation. This would be put to risk and jeopardy, if the Defendant were to continue their business more particularly, in the nature of Chit funds. The learned Senior Counsel stated that the said business is a 'dicey' business and if at all the Defendant were to run into financial problems or difficulties, then ultimately it is the name of the Plaintiff which would be called in question and damaged and harm would be caused to the reputation built over the years. The learned Senior Counsel also stated that the Courts have recognized the mark 'Aachi' and have granted protection from infringement not only when the same had been used in marketing products dealt with by the Plaintiffs but also when used in other areas of business and trade.

17.Mr.S.Diwakar, learned counsel for the Defendant however, stated that the Defendant had been incorporated as a company in February 2014 and had independently coined the name 'Aachi' claiming source from the regional background from where the promoters / directors of the Defendant hailed, namely Chettinadu area, wherein, the word 'Aachi' has been traditionally and still is used as a respectful name for the womenfolk. The learned counsel therefore stated that the Defendant has not consciously or otherwise encroached on the mark of the Plaintiffs or on the reputation of the Plaintiffs. The learned counsel also pointed out that the Defendant has

been in the business for the past more than six years and stated that there had been no occasion for cause of confusion in the minds of the general public. The learned counsel also found fault with the Plaintiffs for having come to Court after much delay. The learned counsel stated that the suit is totally misconceived and pointed out that the Defendant has adopted the word 'Aachi' as a trade name and not as a trademark and therefore stated that the Plaintiffs cannot seek any order as against such usage. The learned counsel urged that the Court should dismiss the Application.

18. There had been an ancillary issue raised with respect to an Application filed by the Plaintiff for registration of the mark under the name 'Aachi' in Registration No.3371004 in class 36 which the Defendant claimed that the Plaintiffs had abandoned. This claim was very seriously disputed by Mr.P.S.Raman, learned Senior Counsel who pointed out that a series of applications had been mistakenly struck off by the Trademark Registry, but later restored by order of the Delhi High Court. I am not entering into that controversy, since it is an issue still under consideration of the Trade Mark Registry.

19. Section 29 (5) of the Trade Marks Act, 1999 is as follows:

“29(5). Infringement of registered trade marks:-

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5.A registered trade mark is infringed by a person if he uses such registered trademark, as his trade name or part of his trade name, or name of his business concern or part of the name, of his business concern dealing in goods or services in respect of which the trade mark is registered.”

20.Interpretation of the above provision is central to deciding the issues now raised by the Plaintiffs and the Defendant. The provision contemplates infringement of a registered trademark, if a similar trade name is used with respect to a business concern dealing in similar goods or services for which the trademark has been registered. It could be alternatively interpreted that if the trade name is used for a business concern in respect of dissimilar goods or services, then it cannot be considered to be infringement of a registered trademark.

21.It is a fact that the Plaintiff have registered their mark 'Aachi' under class 36 to the schedule of the Trade Marks Act, 1999. Class 36, as seen from the Registration Certificate which has been produced as a document to

the plaint relates to providing services in Insurance, Financial Affairs, Monetary Affairs, Real Estate Affairs. It is a mute question, whether conducting chit business can be categorized under any of the above services. It could or could not be categorized as a Financial Affair or as a Monetary Affair. Still, dealing with chits is primarily a service rendered in finance. This aspect cannot be disputed. It is also a fact that the Defendant had been incorporated on 19.02.2014. The Certificate of Incorporation has been produced as a document by the Defendant. The Defendant had been incorporated under the provisions of the Companies Act, 1956.

22. Section 20 of the Companies Act, 1956 is as follows:

“Section 20. Companies not to be registered with undesirable names.

(1) No company shall be registered by a name which, in the opinion of the Central Government, is undesirable.

(2) Without prejudice to the generality of the foregoing power, a name which is identical with, or too nearly resembles, the name by which a company in existence has been previously registered, may be deemed to be undesirable by the Central Government within the meaning of sub-section (1).”

23. On the date when the Defendant was incorporated, atleast Aachi Masala Foods Private Limited, the 2nd Plaintiff had already been incorporated, since there is an averment in the plaint that it was incorporated on 30.06.2006. This Court cannot enter into any discussion as to whether the incorporation of the Defendant in the name 'Aachi Chit Fund Private Limited' by the Registrar of Companies is proper or not. At any rate, there was already another Private Limited Company in existence with the name 'Aachi' as its trade name.

24. Be that as it may, the Defendant is in the business of Chit Funds. As stated, they may or may not come under the category of financial / monetary affairs. Interpretation on that aspect can best be ventured into on examination of evidence. Whether the Plaintiff is actively involved in carrying on businesses specified under class 36 is also a matter to be decided on evidence. At any rate, they have registered the mark under class 36 to the schedule of the Trade Marks Act, 1999. Once they have registered the mark, a statutory protection is granted from infringement of the said mark. Section 29(5) of the Trade Marks Act, 1999, extracted above, provides that a registered trademark is infringed by a person, if it is used as a trade name dealing in goods or services in respect of which the mark is registered.

25. There had been an occasion when a Full Bench of the Bombay High Court examined this provision in ***Cipla Ltd., Mumbai V. Cipla Industries Pvt. Ltd., Delhi and another, 2017 (2) Mh.L.J. 877***, on reference by a learned Single Judge who doubted the ratio laid by a Division Bench in ***Raymond Limited V. Raymond Pharmaceuticals Pvt. Ltd., 2010 (7) Mh.L.J. 646 : 2010 (44) PTC 25 (Bom)***. In that case the registered trademark was used as a corporate trade name in respect of goods dissimilar to the ones for which the trademark was registered and the question posted before the Full Bench was whether in such a case, the proprietor of the registered trademark was entitled for an order of injunction on a cause of action in infringement under Section 29(5) of the Trade Marks Act, 1999. The crucial aspect that the Full Bench was requested to decide was the issue, wherein a proprietor of a registered trademark had an occasion to institute a suit as against another person using the registered mark as a trade name in dissimilar trade or service.

26. The Full Bench of the Bombay High Court in ***Cipla Ltd., Mumbai V. Cipla Industries Pvt. Ltd., Delhi and another, 2017 (2) Mh.L.J. 877***, had answered that question in the negative which implied that a proprietor of

a registered trademark was not entitled for an order of injunction on a cause of action in infringement under Section 29(5) of the Trade Marks Act, 1999, if the trading name was with respect to goods dissimilar to the ones for which the trademark was registered.

27.The primary contention of the Defendant in the instant case is that they are trading in Chit funds and the Plaintiffs claim registration primarily for Masala Powder and Spices and for allied products and therefore, they are doing dissimilar business and consequently, the Plaintiffs cannot seek an order of injunction as against the Defendant usage of the trade name 'Aachi'.

28.This argument will hold good with respect to the Trademark in Registration No.838786, since it was registered in class 30 relating to spices and allied products, which are entirely dissimilar to Chit Fund Business. In accordance with the ratio laid down by the Full Bench of the Bombay High Court in ***Cipla Ltd., Mumbai V. Cipla Industries Pvt. Ltd., Delhi and another, 2017 (2) Mh.L.J. 877***, referred *supra*, I hold that the Plaintiffs cannot seek any relief by placing reliance on their registration in Registration No.838786 in class 30 to the schedule of the Trade Marks Act, 1999.

29. In the instant case, as repeatedly pointed out the Plaintiffs also have a registration under class 36 in Certificate No.3370965, but this registration was in the year 2016. The Defendant had commenced their business operations in February 2014. Then the issue boils down to whether the prior user of a trade name in a lawfully incorporated as a company under the Companies Act, 1956 by the Registrar of Companies can be subsequently, enjoined by a proprietor of a registered trademark of the same trade name.

30. The issue of delay then comes into play. The issue of delay arises since the Defendant has been in the business from 2014. The Plaintiffs did not have the benefit of registration of a trademark in class 36 till 2016. The Defendant continued to run the business from the year 2014 till 2020 even though the Plaintiffs had registered their mark in 2016. It was only in 2020 did the Plaintiffs approach the court seeking the reliefs sought. The Plaintiffs also had not issued any notice prior to institution of the suit putting the Defendant on notice regarding usage of the trade name 'Aachi' and that the Plaintiffs have a registered trademark in the name 'Aachi'. They have straight away filed the suit.

31.In *M/s.Hindustan Pencils Private Limited V. M/s.India Stationery Products Co. & Another*, reported in *ILR (1989) 1 (Del) 115: 1989 SCC Online Del 34: AIR 1990 Del 19*, in paragraph 30, it had been held as follows:

“30.Even though there may be some doubt as to whether laches 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 laches 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 clarify 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. Ltd., (1946) 63 RPC 171 at page 181 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 a 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 estoppel are lacking and in such a case the protection of plaintiffs rights by injunctive relief never is properly denied. **The doctrine of estoppel can only be invoked to promote fair dealings!"***

(Emphasis supplied)

32.In *M/s.Power Control Appliances and others V. Sumeet Machines Pvt. Ltd* reported in (1994) 2 SCC 448, it was held in paragraphs 26 and 31 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 [(1860) 28 Beav 303 : 54 ER 382]** 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 (J.G.) & 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]** .*

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*31. In **Electrolux LD. v. Electrix [1954 RPC 23, 34]** at pp. 32 and 33 it was held thus:*

“I now pass to the second question, that of acquiescence, and I confess at once that upon this matter I have felt no little sympathy for the defendants, and have been not a little envious of the good fortune which has attended the plaintiffs, though no doubt they may justly attribute it to the astuteness of their advisers; but, as has already been said, the defendants have traded openly and (as the Judge found) honestly, beyond any question, in the ordinary

course and substantially under this name 'Electrix' for a very long period of time, since early 1930's. During that time, they have built up (I doubt not) a valuable goodwill associated with that name. If the possibility that the mark 'Electrolux' was infringed is out of the way, and if I disregard for the moment (as I do) the point taken by Mr Kenneth Johnstone that in any event for use of 'Electrolux' was a sufficient use for the purpose of Section 26(1) of 'Electrux' (seeing that the two marks were associated). I have no doubt that if the plaintiff had challenged in the courts the right of the defendants to use 'Electrix' before they have effect to their decision to apply the word 'Electrux' to their cheaper model in lieu of 'Electrolux', they would in all probability have failed, because the defendants' motion to strike the word 'Electrux' off the Register would have succeeded, but the fact is that when the battle was joined, 'Electrux' was no longer vulnerable on that account, unless the defendants can establish that the use was not bona fide, a matter to which I shall come presently. It is, however, said that by the defendants that

the plaintiffs have deprived themselves of their legal right or, at least, of any right to the equitable remedy of injunction.

*Upon this matter, a great deal of learning has been referred to, and we have also had our attention drawn to a number of cases. The latter include the well-known statement in **Willmott v. Barber [(1880) 15 Ch D 96 : 43 LT 95]** by Fry, J. (as he then was) at p. 105. He said this: 'It has been said that the acquiescence which' will deprive a man of his legal rights must amount to fraud, and in my view that is an abbreviated statement of a very true proposition. A man is not to be deprived of his legal rights unless he has acted in such a way as would 'make it fraudulent for him to set up those rights'. Let me pause here to say that I do not understand that, by the word 'fraudulent', the learned Judge was thereby indicating conduct which would amount to a common law tort of deceit. 'What, then, are the elements or requisites necessary to constitute fraud of that description?' In the first place 'the plaintiff must have made a mistake as to his*

legal rights'. Secondly, the plaintiff must 'have expended some money or must have done some act (not necessarily upon the defendant's land) on the faith of his mistaken belief'. Thirdly, the defendant, the possessor of 'the legal right, must know of the existence of his own right which is inconsistent with 'the legal right, must know of the existence of his own right which is inconsistent with' the right claimed by the plaintiff. If he does not know of it he is in the same position 'as the plaintiff, and the doctrine of acquiescence is founded upon conduct with a knowledge' of your legal rights. Fourthly, the defendant, the possessor of the legal right, must know 'of the plaintiff's mistaken belief of his rights. If he does not, there is nothing which' calls upon him to assert his own rights. Lastly, the defendant, the possessor of the legal 'right, must have encouraged the plaintiff in his expenditure of money or in the other acts which he has done, either directly or by abstaining from asserting his legal right'. In reading that passage, it is perhaps necessary to note (because it makes it at first sight a little more difficult to follow) that the positions of

plaintiff and defendant as they are usually met with are there transposed, and that one of the parties who is there spoken of as the plaintiff corresponds with the present case with the defendants, and vice versa.”

(Emphasis supplied)

33. In ***B.L and Co. and others V. Pfizer Products Incl.***, reported in ***2001 (1) PTC 797 (Del)(DB)***, a Division Bench of the Delhi High Court had examined the issue of delay in a *passing of action* and held that an interim relief cannot be granted and that unjustified delay of more than a few months is almost always fatal to the Plaintiff's case.

34. The ratio laid in the above judgments is that, the Defendant should be a honest user of the trademark. In this case, the Defendant has been using the trade name 'Aachi Chit Funds Private Limited' from the year 2014 onwards. The claim of the Plaintiff that they came to know about the business only in August 2020 is an issue which has to be tested during trial. The issue then naturally arises as to the explanations / reasons for alleged lack of knowledge of the business of the Defendant between the years 2016 and 2020. If explanations / reasons are advanced, they have to be tested,

again, only during trial.

35.A further question arises whether the Plaintiffs actually knew about the trade name of the Defendant and then permitted the business of the Defendant to grow and thereafter had instituted the suit. If that is the case, and I hope it is not, then, it can be reasonably presumed that the Plaintiffs have acted malafidely.

36.As seen the suit has also been filed under Section 27 of the Trade Marks Act, 1999. It had been held in ***B.L and Co. and others V. Pfizer Products Incl.***, reported in ***2001 (1) PTC 797 (Del)(DB)***, that the issue of delay is very significant in a *passing off action*.

37.The learned Senior Counsel for the Plaintiffs placed reliance on ***T.V.Venugopal V. Ushodaya Enterprises Ltd. and Ors. reported in (2011) 2 MLJ 849 (SC)***. That judgment was delivered on appreciation of evidence. We have not travelled to that stage.

38.In this case, the following aspects will have to be determined and they can be determined only on appreciation of evidence.

i).Whether the Defendant had bonafide registered their company under the name 'Aachi Chit Funds Private Limited, without knowledge of the

existence of the Group Companies of the Plaintiffs under the name 'Aachi'?

ii).Whether the Plaintiffs are actually in active usage of the services mentioned under class 36 to the schedule of the Trade Marks Act, 1999 in Trade Mark No.3370965?

iii).Whether the statement of the Plaintiffs that they came to know about the business of the Defendant only in August 2020 is an acceptable statement?

vi).Whether the Plaintiffs have any proper explanations / reasons for disclaiming knowledge of the Defendant from atleast 2016 till 2020?

39.All these and any other incidental aspects will have to be examined only on evidence let in by both the parties. The one factor which swings the pendulum in favour of the Defendant is that they had been incorporated in the year 2014 and even though they had incorporated the name 'Aachi' in which the Plaintiffs already had a Private Limited Company functioning, it had been incorporated without any objection by the Registrar of Companies. The Defendant had been conducting business from the year 2014 onwards without any interruption or complaint. The Plaintiffs have registered their trademark 'Aachi' under class 36 only in the year 2016. They had however taken four further years to institute the suit complaining about the usage of

the trade name 'Aachi' by the Defendant.

40.I hold the Plaintiffs will have to explain their delay in instituting the suit and if they state they had no knowledge about the Defendant between the years 2016 and 2020 then the Defendant will have to be afforded an opportunity to test that statement. All these aspects require evidence to be recorded. Further, it has also to be determined whether the Plaintiffs are in active business under class 36 for which they have the benefit of registration in Trademark No.3370965.

41.In view of all these aspects, I hold that the Defendant cannot be enjoined from continuing their business only on the mere statement of the Plaintiffs that they came to know about the business in the year August 2020. The Plaintiffs have to plead deeper and further and explain this statement of theirs. Till this statement of lack of knowledge is tested, I hold that the Defendant cannot be enjoined from continuing their trade with the trade name under which they had been lawfully incorporated in the year 2014. Viewed from that one angle, I hold that the issues raised require evidence to be recorded and till such time the Defendant has to be permitted to continue operating in the name as they had been incorporated and have been functioning for the past six years. This conclusion will hold good with

respect to the reliefs sought by the Plaintiffs based on trademark registration in Certificate No.3370965 in class 36 to the schedule of the Trade Marks Act, 1999. With respect to the reliefs sought by the Plaintiffs based on trademark registration in Certificate No.838786 in class 30 to the schedule of the Trade Marks Act, 1999, I straight away reject the claim of the Plaintiffs for protection since the Defendant's business in Chit Funds is entirely dissimilar to the goods specified in class 30 and the ratio of the Full Bench of the Bombay High Court in ***Cipla Ltd., Mumbai V. Cipla Industries Pvt. Ltd., Delhi and another, 2017 (2) Mh.L.J. 877*** will directly apply.

42.The Original Applications are therefore dismissed. No order as to costs.

सत्यमेव जयते

Sd./-C.VK.J
29.01.2021

//Certified to be true copy//

Dated at Madras this the _____ day of _____ 2021.

COURT OFFICER(O.S.)

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JJ 18/02/2021