

IN THE HIGH COURT OF PUNJAB AND HARYANA
AT CHANDIGARH

FAO-2416-2022(O&M)

Date of decision: 05.01.2023

Reserved on: 22.11.2022

Naomis Headmasters

....Appellant

Versus

Gillz Group Beauty and Wellness Pvt. Ltd.

..Respondent

CORAM: HON'BLE MR. JUSTICE ANIL KSHETARPAL

Present:- Mr. Gaurav Chopra, Sr. Advocate with
Mr. Reshabh Bajaj, Advocate for the appellant

Mr. Aashish Chopra, Sr. Advocate with
Mr. Manpreet Sawhney and
Mr. Gagandeep Singh, Advocates for the respondent

ANIL KSHETARPAL, J

1. Through this appeal filed under Order XLIII Rule 1 (r) of the Code of Civil Procedure, 1908 (hereinafter referred to as 'CPC') the defendant assails the correctness of the restraint order, passed on 16.05.2022 under Order XXXIX Rule 1 & 2 CPC read with Section 151 CPC, by the trial court, from selling/stocking their goods by using brand/ designation/ mark/ Trademark 'HEADMASTERS' or any other mark such as NAOMI's HEADMASTERS' including its colour scheme, colour pattern, writing pattern, artistic work, brand, designation or expression, which is identical or deceptively similar to the plaintiff's trademark 'Headmasters' with or without prefix or suffix except for in the two salons being run by the defendant in Panchkula and Ludhiana.

2. Complaining infringement of trademark, copyright and passing off, the plaintiff (respondent herein) has filed a suit under Section 135 read with Section 134 of the Trademarks Act, 1999 alongwith the provisions of the Copyright Act, 1957 for grant of injunction. The application under Order XXXIX Rule 1 and 2 CPC, has been allowed by the trial court.

3. The facts, in brief, are required to be noticed. Originally, HeadMasters Salon Private Limited got incorporated on 04.11.2002, under the Directorship of Sh.Veer Kaul, Sh.Parmod Diwan and Smt. Naomi Diwan. The Company opened a Salon in the year 2002 in Chandigarh with the main motive to provide Top Notch services to the clients from all walks of life. It adopted the Trademark/trade name 'HeadMasters' alongwith artistic work as well as HEAD MASTERS experience unlimited and HEAD MASTERS experience unlimited Salon n Spa.

4. Smt.Naomi Diwan retired/resigned on 19th September, 2003 as Director of the Company. Sh. Pramod Diwan and Smt. Naomi Diwan were husband and wife respectively, however, they separated subsequently. A memorandum of understanding was arrived at between the parties wherein it was agreed that Smt. Naomi Diwan would continue to use the trademark/trade name 'Headmasters' alongwith the name 'Naomi' in one Branch i.e at Panchkula. It was also agreed that she will be entitled to operate under the afore-said trademark/tradename in Ludhiana where she has already proposed to open such a Salon and Spa. Even in the decree of divorce, this provision was incorporated and

Shri Pramod Diwan agreed to help Smt. Naomi Diwan in getting the Trademark registered. An affidavit executed by Sh. Pramod Diwan provides as under:-

“3. I, state that my company I.e HEADMASTERS SALON (P) LTD., has “NO OBJECTION” to the registration of TRADE MARK “NAOMI’S HEADMASTERS” under the application in name of M/s Naomi’s Headmasters Proprietor Naomi Dewal. SCT-387, Ist Floor Sector -8, Panchkula, Haryana, to this affect, my company has passed a Board Resolution vide Resolution No. _____ Dated _____.”

5. Thereafter, Smt. Naomi Diwan entered into a partnership on 14th August, 2014 with Smt. Dimple Bhandari and Sh.Santosh Goyal for running the said business. On 15th August, 2014, i.e the next day, Smt. Naomi Diwan walked out of the partnership and subsequently, Smt. Santosh Goyal retired from the partnership on 14th September, 2017. Now, the affairs of Naomi’s Headmasters are being run exclusively by Smt. Dimple Bhandari. Prompted by the opening of deceptively similar salons in Zirakpur and Mohali by Naomi’s Headmasters, the plaintiff(respondent herein) has filed a suit on 27th July, 2020.

6. The Headmasters Salon Private Limited is stated to have assigned its rights, including trade mark, trade name, registered trade name etc in favour of the plaintiff on 07.02.2020. It is claimed that the plaintiff has opened various Company owned or Franchise operated outlets in Chandigarh, Punjab, Assam, Delhi, NCR, Mumbai, Gujarat, Rajasthan, Chhattisgarh, Uttar Pradesh, Orissa, Haryana and Jammu & Kashmir.

7. Heard the learned counsel representing the parties at length and with their able assistance perused the paperbook. Learned counsel representing the appellant, while referring to the prayer clause at page 71 of the paperbook, submits that the trial court has granted injunction beyond the plaintiff's prayer. The defendant-appellant is also stated to be a registered trade mark user as per the certificate of registration of trade mark under Section 23(2) and Rule 16 (2) issued in favour of the appellant in Class III on 31.03.2009.

8. While referring to Section 28 (3), Section 30 (e), Section 33 (1)(b) of the Act and Rule 22 of Trade Marks Rules, 2017, learned senior counsel contends that the trial court has erred in granting the injunction. He submits that the plaintiff has acquiesced in the matter as the defendant has also been issuing diploma certificates since 2004. While referring to the income tax returns, the learned counsel submits that for the last more than 16 years, the plaintiff has not taken any action and therefore, it is estopped from challenging the same now.

9. On the other hand, the learned senior counsel representing the respondent/plaintiff, while drawing the attention of the Court to the trade mark and trade name adopted by the appellant-defendant, submits that the font of the word 'Naomi' is almost 1/10th in terms of size of the font used when compared with the word 'Headmasters'. He submits that efforts have been made to deceive the public and the customers by projecting that the appellant is also providing services under the same umbrella. He submits that as per agreement, Mrs. Naomi Deewan was permitted to operate/continue Salon and Spa services in two outlets

located in Panchkula and Ludhiana only. The learned counsel representing the plaintiff submits that the plaintiff has no objection if the defendant is permitted to market its goods under trade name Naomi's Headmasters and the plaintiff is concerned with Salon and Spa services only.

10. This Court has evaluated the arguments of counsel representing the parties while scanning the impugned order. It may be noticed that in **S.Syed Mohiddin vs. P Sulochana Bai (2016) 2 SCC 683**, the Supreme Court after analysing the scheme of the Trademarks Act, 1999 held that a collective reading of the provisions especially Section 27, 28, 29 and 34 would show that the rights conferred by registration are subject to the rights of the prior user of the trade mark. From the reading of Section 27 (2), it is clear that the right of action against any person for passing off the goods/ services of another person and the remedies thereof are not affected by the provisions of the said Act. The registration of the trademark shall give exclusive rights to the user of the trademark subject to the other provisions of the Act. Thus, the rights conferred by the registration in the form of exclusive use of the trademark are not absolute but subject to the other provisions of the Act. Traditionally, the passing off, in common law, has been considered to be a right for the protection of goodwill earned in the business against the misrepresentation of goods by another caused in the course of trade and for prevention of the resultant damage to the prior user on account of such misrepresentation. The three ingredients of passing off are; goodwill, misrepresentation and damage. In common law jurisdiction, it

is also a well recognized principle that passing off is a broader remedy than infringement of registered Trademarks as the latter merely recognises the right which was already pre-existing in common law and does not create any fresh right. In **Neon Laboratories Limited versus Medical Technologies Limited and others (2016) 2 SCC 672** the Supreme Court held that the prior user has a superior right over the proprietor of a registered trademark. A similar view was taken in **Wokhart vs. Torrant Pharmaceuticals Limited (2018) 18 SCC 346** while keeping in mind the aforesaid interpretation of the relevant provisions of the concerned Act. Let us, now, analyse the arguments of learned counsel representing the parties. At the outset, it must be noticed that in 2002 Sh.Veer Kaul, Sh.Pramod Diwan and Smt. Naomi Diwan started the venture and conceived the trademark/ tradename 'Headmasters'. Smt. Naomi Diwan, at the time of getting divorce from Shri Pramod Diwan was permitted to continue to operate its Salon and Spa business under the said trademark/tradename at Panchkula as well as Ludhiana. Hence, Smt. Naomi Diwan was never authorized to use the trademark/ trade name Headmasters at any other place. As noticed hereinbefore, the right of a prior user complaining passing off is a superior right over the right of a proprietor of a registered trade mark complaining infringement. Moreover, it is evident from the material produced that the appellant is highlighting the words 'Headmasters', prominently, whereas, the font of the words 'Naomi' is significantly small in comparison. From a bare look at the sign boards used by the

both the parties, it is evident that the two look deceptively similar except for one prefixed with the words 'Naomis' in a significantly small font.

11. As regards the argument of the learned counsel while referring to Section 28 (3) is concerned, it may be noticed that the Act simply provides that where two or more persons are registered proprietors of a trademark which are identical or resemble with each other, one person is not entitled to pray for restraint on account of registration of trademark. Similarly, Section 30 (e) only recognizes that if one of the two trade marks which are identical or nearly resemble each other are registered under this Act, then the use of such trademark would not confer rights under Section 29 so as to prevent the use of such trademark on the ground of infringement. Section 33 (1)(b) provides that if the proprietor of an earlier trademark has acquiesced for a continuous period of 5 years in use of the registered trademark, then, he shall not be entitled to the relief on the basis of the infringement of the earlier trademark. In the facts of the present case, the aforesaid provisions shall not be applicable. It is not the case of the defendant(appellants) that they opened the outlets in Zirakpur and Mohali more than 5 years back from the date of the filing of the suit. In the peculiar facts of the case, the plaintiff (respondent) has authorized the defendant (appellant) to use the trademark/trade name, which is deceptively similar to it's own outlets, only at the branches located at Panchkula and Ludhiana. Thus, it would not be appropriate to hold that the plaintiff is not entitled to relief in view of the aforesaid provisions, particularly when the plaintiff has already filed a suit complaining passing off. As far as Rule 22 of the Trademark

Rules, 2017 is concerned, it is evident that the aforesaid provision does not come to the rescue of the defendant.

12. At the cost of repetition, it may be noticed that there is no dispute with regard to opening of outlets in Panchkula and Ludhiana, however, the appellant has correctly been restrained from operating Salon and Spa services with the deceptively identical tradename /trademark with that of the plaintiff, at any other place.

13. The learned Senior counsel, on instructions from the assisting lawyer, has submitted that they have no objection if the appellant continues with the marketing of their goods under the tradename 'Naomi Headmasters' particularly when the font of the words 'NAOMI'S' and 'HEADMASTERS' is same.

14. As regards with respect to the argument of the learned counsel representing the appellant that the plaintiff has acquiesced in the matter, it may be noticed that there is no material which proves that the defendant opened its outlets to provide salon and spa services in Mohali and Zirakpur 16 years back, to the knowledge of the plaintiff. In fact, the defendant has not placed on file any document to prove that their salon and spa outlets have been operating in Zirakpur and Mohali, for quite some time, before the filing of the suit. Hence, it will not be appropriate to dismiss the plaintiff's application on this score.

15. Learned counsel representing the appellant relies upon the observations of the Division Bench of the Delhi High Court in **Goenka Institute of Education and Research vs. Anjali Kumar Goenka and another 2010 (8) RCR (Civil) 1718**. This Court has carefully read the

judgment passed by the Division Bench. In that case, the right to use the word “*Goenka*” in the context of running a public school was in dispute. The Court, after recording a prima facie finding that the defendant is using the word ‘Goenka’ prior to the registration of the trademark in favour of the plaintiff, held that the balance of convenience lies in favour of the defendant and against the plaintiff. In that context, the Division Bench made an observation that irreparable injury will be caused to the defendant if the injunction as granted by the learned single Judge is not vacated. In that case, the court exercised its powers under Section 12 of the Trademark Act, 1999 while directing the defendant to add such information or disclaimer so that one is able to make a clear distinction with respect to the names of the schools of the appellant and the respondent. The aforesaid judgment, with highest respect, is not applicable to the facts of the case.

16. The learned counsel representing the appellant also relies upon the judgment passed in **Manmohan Sharma vs. Manjit Singh 2017 (2) PLR 769**. In the aforesaid case, the dispute was with respect to the use of trademark ‘Mohun’s’. The court, after examining the facts of the case, held that the object of an interlocutory injunction is to protect the plaintiff against injury by violation of his rights for which he cannot be adequately compensated in damages. It was held that the considerations applicable to a running business are somewhat different than those which apply when the defendant is yet to commence his venture or enterprise. With due deference to the observations made in the aforesaid judgment, it may be noted that the aforesaid judgment shall

not be applicable to the present case because the facts of the present case are not identical as there is a memorandum of understanding between the predecessor in interest of the parties which permits the appellant to use the tradename/trademark only in its existing salons located at Panchkula and Ludhiana. Hence, the aforesaid judgment does not cover the peculiar facts involved in the present case.

17. In view of the aforesaid discussion, the impugned order of the trial court is upheld with modification to the effect that the defendant shall be entitled to manufacture and market its products namely personal care/beauty products while using the trademark/ tradename 'Naomis Headmasters'.

18. All the pending miscellaneous applications, if any, are also disposed of.

05.01.2023

rekha

Whether speaking/reasoned : Yes/No

Whether reportable : Yes/No

(ANIL KSHETARPAL)

JUDGE