

(1987) 09 MAD CK 0013

Madras High Court

Case No: L.P.A. No. 118 of 1983

Kali Aerated Water Works,
Tiruchirapalli

APPELLANT

Vs

Rashid and Others

RESPONDENT

Date of Decision: Sept. 1, 1987

Acts Referred:

- Trade Marks Act, 1940 - Section 21

Citation: AIR 1989 Mad 9

Hon'ble Judges: V. Ramaswami, J; Bellie, J

Bench: Division Bench

Advocate: G. Vasantha Pai, for N. Sridharan, for the Appellant; N. Nandakumar, for the Respondent

Final Decision: Allowed

Judgement

V. Ramaswami, J.

Kali Aerated Water Works was a firm of registered partnership carrying on business in the manufacture and sale of

aerated water of many kinds in the trade name of Kali Mark. They started the business in the year 1948. The trade name of Kali Mark was

registered in the Trade Mark Registration office at Bombay on 19-2-1948. It was being renewed from time to time, and the last of such renewal

was on 19-2-1970 for a period of seven years. However, after the expiry of the said period of seven years, no further renewal of the trade mark

was made. The partnership was carrying on business with head office at Virudhunagar with branches at Tiruchirapalli, Kumbakonam, Madras,

Karaikudi, Palayamkottai and Madurai. Under a registered deed of dissolution dtd. 31-3-1977, the firm was dissolved and at the time of

dissolution there were ten partners. The firm was dissolved with effect from 1-4-1977. Under this deed of dissolution, the business of the dissolved

partnership at Tiruchirapalli was given to the plaintiff. The document provided that the two individual partners to whom the Tiruchirapalli branch

was allotted shall take over with its assets and liabilities including the stock-in-trade, goodwill etc. By an amendment deed dt/- 7-4-1977, this

clause was amended and the plaintiff was to take over the business at Tiruchirapalli "with its assets and liabilities including the stock-in-trade,

goodwill, name and style etc." Clause 5 of the dissolution deed further provided that the parties who take over the respective branches or head

office with assets and liabilities as stated in the deed shall be entitled to run the business in the trade name of Kali Mark either individually or by a

partnership in the name and style of Kali Aerated Water Works and the other parties shall not have any claim or right over such business or

businesses.

2. After thus taking over the assets and liabilities etc. of the Tiruchirapalli branch, the two partners of the dissolved firm constituted themselves as a

registered partnership under the name and style of Kali Aerated Water Works, Tiruchirapalli, and it is this firm at Tiruchirapalli, that has filed the

present suit out of which the L.P. Appeal arises.

3. The plaintiffs were manufacturing and selling under the name of Kali Mark various kinds of aerated waters in Tiruchirapalli. The defendants who

appear to be the erstwhile employees of the plaintiff firm started a business in the name and style of Sri New Kali Mark Soda Factory and were

manufacturing aerated water and selling them under the trade name Sri New Kali Mark. The plaintiffs filed the suit for a declaration of its title for

the exclusive use of the trade mark and trade or business name of Kali Mark and for restraining the defendants and their men from using their trade

mark Sri New Kali Mark in relation to the aerated waters manufactured and are sold by them and for rendition of a true account of the sale. This

prayer was made on the ground that the plaintiffs have acquired an exclusive right to use the words Kali Mark both as a trade mark and also as a

trade name by long user and none else is entitled to use the trade i mark or trade name for aerated water business. Their further case was that a

comparison of the plaintiffs' label and the defendants' label will clearly show that the defendants' label is a colour able imitation of the plaintiffs'

label, and a comparison of the bottles will also show that the defendants' bottle with their label is practically similar to the plaintiffs' which is likely

to mislead the purchaser who is accustomed to purchase the plaintiffs goods in purchasing the defendants' goods as the plaintiffs' goods. In other

words, the plaintiffs' case was that there was an implied representation by the defendants to the purchaser that the goods offered by them for sale

is the manufacture of the plaintiffs. They have also pleaded that they have been damnified.

4. The defendants contended that they are not using the name of the plaintiffs' trade mark, that the trade name and the mark used by them are

dissimilar and they have no similarity with that of the plaintiffs. They specifically stated that the bottles, labels the colour scheme and the get up are

dissimilar. They also contended that the partnership itself was constituted only in the year 1977 and that being so, they could not contend that they

have acquired the exclusive right to use the words by long user.

5. The trial court held that the business of manufacturing aerated waters under the name and style of Kali Mark has been carried on by the plaintiffs

with headquarters at Virudhunagar, right from 1948 and the people have been associating the name of Kali Mark only with the goods

manufactured by the plaintiffs and their associates concerned, that the defendants' trade name is a colourable imitation of the plaintiffs' and the

similarity between the plaintiffs' and the defendants' mark is very close both on visual or colour comparison or phonetic comparison and that the

plaintiffs are entitled to the decree as prayed for. However, it may be noted that the prayer for accounting was not given by the learned Judge, but

fixed a nominal damage of Rs. 100 and he also rejected the prayer to direct the defendants to produce into court the dice and other materials used

by the defendants for printing the "Sri New Kali Mark" labels.

6. On appeal by the defendants, a learned single Judge of this court held that a comparison of the labels used by the defendants with those used by

the plaintiffs shows that there is no similarity in the colour scheme, design, get up, pattern and in the descriptive matter between the label used by the defendants and the label used by the plaintiffs. The learned Judge also found that there is no similarity in the bottles used for selling the aerated waters and that the phonetic similarity is lost by the additional words "Sri New" in the labels used by the defendants. Ultimately, the learned Judge gave a finding that having regard to the colour schemes, general get up, design and the descriptive matters used in the label and the appendage "Sri New" is the trade mark used by the defendants, it cannot be said that the trade mark of the defendants is deceptively similar to the mark used by the plaintiffs. The learned Judge also found that the name of Kali Mark was used or is being used by the other partners of the dissolved original firm of Kali Aerated Water Works and that the products manufactured by the various other partners are also sold in Tiruchi and that there is no prohibition of the sale of those aerated waters at Tiruchirapalli. There is also in evidence the another firm carrying on business under the name and style of Rockfort Soft Beverages was also using the trade name Kali Mark in respect of the aerated water manufactured by them and that therefore the plaintiffs' contention that the trade name of Kali Mark was associated with only the aerated waters manufactured by the plaintiffs could not be accepted. In that view, the learned Judge allowed the appeal and dismissed the suit. It is against this judgment, the present appeal has been filed.

7. As may be seen from the pleadings, the present one is not an action for infringement of the trade mark. But it is an action for passing off. The Supreme Court in Kaviraj Pandit Durga Dutt Sharma Vs. Navaratna Pharmaceutical Laboratories, while pointing out the difference between an action for infringement of a registered trade mark and an action for passing off observed :--

The other ground of objection that the findings are inconsistent really proceeds on an error in appreciating the basic difference between the causes of action and right to relief in suits for passing off and for infringement of a registered trade mark and in equating the essentials of a passing off a

passing off action with those in respect of an action complaining of an infringement of a registered trade mark. We have already pointed out that the suit by the respondent complained both of an invasion of a statutory right u/s 21 in respect of a registered trade mark and also of a passing off by the use of the same mark. The finding in favour of the appellant to which the learned counsel drew our attention was based upon dissimilarity of the packing in which the goods of the two parties were vended, the difference in the physical appearance of the two packets by reason of the variation in their colour and other features and their general get up together with the circumstances that the name and address of the manufactory of the appellant was prominently displayed on his packets and these features were all set out for negating the respondents' claim that the appellant had passed off his goods as those of the respondent. These matters which are of the essence of the cause of action for relief on the ground of passing off play but a limited role in an action for infringement of a registered trade mark by the registered proprietor who has a statutory right to that mark and who has a statutory remedy in the event of the use by another of that mark or a colourable imitation thereof. While an action for passing off is a common law remedy being in substance an action for receipt, that is, a passing off by a person of his own goods as those of another, that is not the gist of an action for infringement. The action for infringement is a statutory remedy conferred on the registered proprietor of a registered trade mark for the vindication of the exclusive right to the use of the trade mark in relation to those goods". (Vide Section 22 of the Act.) The use by the defendant of the trade mark of the plaintiff is not essential in an action for passing off, but is the sine qua non in the case of an action for infringement. No doubt, where the evidence in respect of passing off consists merely of the colourable use of a registered trade mark, the essential features of both the actions might coincide in the sense what would be a colourable imitation of a trade mark in a passing off action would also be such in an action for infringement of the same trade mark. But there, the correspondence between the two, ceases. In an action for infringement the plaintiff must, no doubt, make out that the use of the defendant's mark is likely to deceive, but where the similarity between the plaintiffs' and the

defendants' mark is so close either visually, phonetically or otherwise, and the court reaches the conclusion that there is an imitation, no further

evidence is required to establish that the plaintiffs' rights are violated. Expressed in another way, if the essential features of the trade mark of the

plaintiff have been adopted by the defendant the fact that the get up, packing and other writing or marks on the goods or on the packers in which

he offers his goods for sale show marked differences, or indicates clearly a trade origin different from that of the registered proprietor of the mark

would be immaterial; whereas in the case of passing off, the defendant may escape liability if he can show that the added matter is sufficient to

distinguish his goods from those of the plaintiff.

8. In this case, the trade name adopted by the defendants and the plaintiffs in get up, packing and other writing or mark on the goods or on the

bottle in which the goods are offered for sale, is similar and it is likely to deceive or cause confusion in the minds of the consuming public. Though

the colour scheme of the label is not identical and there are descriptive matters different from that of the plaintiffs' label, we are of the view that

they are strikingly similar though not identical with that of the plaintiffs. We are also unable to agree with the learned Judge that the phonetic

similarity is lost by the additional words "Sri New" used in the trade name of the defendants.

9. In this connection we may usefully cite a decision of the Supreme Court in K.R. Chinna Krishna Chettiar Vs. Shri Ambal and Co., Madras and

Another, . The two trade names that were considered in that case were Sri Ambal and; Sri Andal. Both the parties in that proceeding were

manufacturers and dealers in snuff carrying on business at Madras. Though there was pictorial difference, the Supreme Court held that there is a

striking similarity and affinity of sound between the words "Ambal" and "Andal". The Supreme Court further held that even if there be no visual

resemblance between the two marks, that does not matter when there is a close affinity of sound between the words which are distinctive features

of the two marks. It is interesting to note that even after the manufacture of Sri Andal Snuff changed it into Radha's Sri Andal Madras Snuff, this

court in the decision in K.R. Chinnikrishna Chetty Vs. K. Venkatesa Mudaliar and Another, , held that it still would infringe the right of the plaintiff

and prevented the use of that mark. The addition of the words, in the opinion of the Bench, makes no difference. This is on the basis that Andal

and Ambal are the two distinctive features of the two marks and they are not phonetically dissimilar. We are therefore unable to agree with the

finding of, the learned Judge that ""It cannot be said that the trade mark of the appellant (defendants) is deceptively similar to the mark used by the

respondent (plaintiff). We are also unable to accept the view of the learned Judge with great respect that because of the simultaneous and

concurrent user of the trade name by the other partners of the erstwhile firm of Kali Aerated Water Works or the use of the same by Rockfort

Soft Beverages can in any way affect the right of the plaintiffs or that those facts will disprove that the public will associate the trade name of the

defendants with the aerated water manufactured and sold by the plaintiffs. This is known generally as a principle of shared reputation.

10. The facts set out earlier in the judgment show that all the erstwhile partners of the original dissolved firm were entitled to use the trade name

and style of Kali Mark for the aerated water manufactured by them. There is evidence in this case which was accepted by the trial Court that one

of the partners of Rockfort Soft Beverages is the mother of one of the partners of the plaintiffs herein and that there is no agreement between the

plaintiffs and the said Rockfort Soft Beverages permitting the use of the label and trade name of Kali Mark by the said Rockfort Soft Beverages.

In the light of these circumstances, there could be no doubt that all, the partners of the erstwhile partnership and the partners of the present

plaintiffs firm and Rockfort Soft Beverages are entitled to use the trade name Kali Mark. In respect of a passing off action, it is now well known

that it is not necessary for the plaintiffs to show that they had no exclusive right to use that name. In this connection, we may usefully quote a

passage from Kerly's Law of Trade Marks and Trade Names, 11th Edn. page 344, paragraph 16-31 --

Shared Reputation : The plaintiff in a passing off action need not show that the badge the defendant has taken denotes his goods or business

exclusively if the defendant has no right to use it at all; it is enough for him to show that he is one of a definite and ascertainable class of those who are entitled to use it and who consequently suffers damage from its misuse. But if the badge is independently properly used by others than himself, the difficulty of showing that its use by the defendants is calculated to injure his goodwill may be greatly increased. It is accordingly desirable, where the right to use a badge is shared, that as many as practicable or those entitled to use it should join in an action to protect it.

1. Two firms were separately carrying on business as watchmakers under the name Dent. Held, that either might sue a third who had set up a similar business under the same name. *Dent v. Turpin*. (1861) 2 John H. 139.

2. The defendant sold Spanish sparkling wine as "Spanish Champagne". The larger producers of champagne joined together to sue for passing off. Held, that any one producer could have sued; *Bollinger v. Costa Brava* 1960 RFC 16 - 1961 RFC 116 ; approved H.L. in "Advocate" *supra*.

3. and 4.....

As stated already, the origin of the right to use the trade name by the plaintiffs and also the other people who are manufacturers under the same trade name Kali Mark, was the same, because they being the erstwhile partners and the third person who was permitted is the mother of one of the plaintiffs, and in fact it is also considered to be a sister concern of the plaintiff firm. In the circumstances, therefore, merely because the plaintiffs have not established an exclusive right to use the trade name or because of the fact that there is simultaneous and concurrent user of the same name by the other persons referred to above, it cannot be stated that the public would not have associated the trade name of Kali Mark with the aerated waters manufactured by the plaintiffs. We are thus satisfied that all the essential ingredients of passing off action has been established and the plaintiffs are entitled to the decree. We accordingly set aside the judgment and decree in A.S. 641 of 1982 and restore that of the District Judge of Tiruchirapalli made in O.S. 2 of 1980. There will however be no order as to costs in this appeal.