

(1994) 09 DEL CK 0065

Delhi High Court

Case No: Interim Application No"s. 10816 of 1993, 875 of 1994 and Suit No. 2815 of 1993

Polson Ltd.

APPELLANT

Vs

Polson Dairy Ltd. and Others

RESPONDENT

Date of Decision: Sept. 1, 1994

Acts Referred:

- Trade and Merchandise Marks Act, 1958 - Section 111

Citation: (1994) 56 DLT 102 : (1994) 31 DRJ 220

Hon'ble Judges: P.K. Bahri, J

Bench: Single Bench

Advocate: S. Pappu, Vivek Dholakia, Vikram Dholakia, R.K. Anand, Hemant Singh and Ashim Vachar, for the Appellant;

Judgement

P.K. Bahri, J.

(1) I have heard arguments for deciding these two applications, one moved by the plaintiff seeking interim injunction till the disposal of the suit and the other moved by the defendants seeking vacation of the exparte interim injunction granted by this Court.

(2) Facts leading to the filing of these two applications, in brief, are that in the year 1888, one Seth Pestunji Edulji Poison had started business of selling coffee in Bombay and in 1900, he started using the trade mark "Polson" which was part of his name for selling coffee. Subsequently, he expanded his business and in about 1915 he had started marketing and selling butter, cheese, flour, etc. besides coffee under the said trade mark "Polson". It is the case of the plaintiff that the brand "Polson" became immensely popular due to its high quality goods. "Polson" rather became synonymous with quality butter being marketed under the said name in the minds of the people. In about 1930, he had developed a modern dairy at Anand (Gujarat) by the name of Poison Model Dairy which inter-alia produced butter under mechanised process. In the year 1938, Polson Private Limited was incorporated to

further expand the business of said Polson.

(3) So, it is averred in the plaint that for over a period of time, the said company became a pioneer in the establishment and development of dairy sector and played a significant role in the development of "agmark Scheme" by the Central Government. The plaintiff expanded its activities to the eastern part of India in 1950 when it established a pilot plant in Khagaul in Bihar. Another dairy was established at Digha Ghat near Patna. in the year 1957. It is also averred that the plaintiff also started dealing in tea in 1963. So, it is averred that plaintiff's commercial activities spanned from coffee and tea to flour, table creamery, butter, etc. which were all sold under the trade mark "Polson" which continues to be House-Mark and Corporate Name of the plaintiff company. Reliance has been placed by the plaintiff with regard to all these facts on plaintiff's brochure that was published on its 75th Anniversary (1888-1963) as well as in the In- House Journals "Poison Trading" published in various years. The plaintiff had given the sale figures which ran into crores every year for the years 1966 to 1978.

(4) It is averred that due to certain policy decision taken by the Central Government, the dairy sector witnessed sharp changes as under the Government policy, the dairy business was reserved for the Co-operative Sectors and certain restrictions were gradually imposed on the free operations of the private sector dairy corporations. It is alleged that in 1965, the Collector of Kaira District in Gujarat restrained the plaintiff company from taking out butter produced in Gujarat by the plaintiff outside the said district. The major plant of the plaintiff was situated in that district. Later on, after some negotiations, the plaintiff was permitted to remove only 1200 tones of butter from that district against an installed capacity of 2184 tones. Later on, the said quantity which was allowed to be taken out from the district was scaled down to only 600 tones a year. So, it is alleged that under such circumstances, the plaintiff's dairy operations in Eastern India had to be suspended and as the plaintiff's dairy business became totally uneconomical due to such restrictions being imposed under the Government policy, the plaintiff had to suspend its dairy operations since 1978 onwards. But the plaintiff continued to market its other products under his trade/corporate name Poison Limited which is evident from the copies of the balance-sheet of the years 1989-90 and 1990-91. Reference has also been made to these facts in the Polson Today in- house journal published in October to December 1972.

(5) It is also claimed by the plaintiff that in the year 1972, the plaintiff company, in order to diversify its activities, had acquired Amba Tannin & Pharmaceutical which had a running business of manufacturing Chemicals which became a division of Poison Limited in which a turnover of Rs-2.5 crores A year has been in existence.

(6) Now due to liberalisation policy of the Ministry of Agriculture, in August 1993, the plaintiff finalised its plans to restart its dairy operations including manufacture and sale of butter, cheese, etc. and to market the same again under the existing

trademark and corporate name "Polson" and plaintiff is stated to have taken various steps like acquiring plant and machinery in Kolhapur in this regard. It is also claimed by the plaintiff that plaintiff had registered its trademark "Polson" for dairy products which has been renewed from time to time as plaintiff had never any intention of abandoning this trademark. The plaintiff has referred to eight trademarks which it had registered in between the period 1st July 1946 to 1st October 1952 which stand renewed up to date and it is asserted that all the said registrations are under the trademark "Polson" for variety of products of the plaintiff company and the same are valid and subsisting on the register of the trademarks.

(7) It is alleged that defendant No.1 company under the name and style of Polson Dairy Limited" has been incorporated in 1992 and has now come up with a proposal to issue shares and its brochures had been distributed to various brokers and underwriters at various places including Delhi. It is averred that defendant No. 1 is absolutely identical to the corporate name of the plaintiff inasmuch as the word "Polson" which is a key part of the plaintiff's corporate name has been wrongfully used by it. Furthermore, the defendant had given out publicly that it is intending to market its dairy products under the trademark "Polson" with a view to wrongfully take the benefit of past goodwill of immense reputation attached to the name "Polson" which is not only the trademark of the plaintiff but is also its corporate name. It is asserted that by fraudulently and deceptively attracting and inducing the public to invest in defendant No. 1 company on the ground that defendant No. 1 company is the same company which had been marketing its quality goods under the name "Polson" for all these years earlier would definitely lead to passing of the goods of the defendant No. 1 as coming from the plaintiff. It is averred that the defendant No. 1 has made a false representation to the innocent public in claiming that defendant No. 1 company is reviving the Polson dairy business which had reputation for high quality dairy products in the minds of the people.

(8) The plaintiff had sought various reliefs in the plaint including grant of permanent injunction restraining defendant No.1 from using the word "Polson" or any colourable imitation thereof in any form or style as its trading style/corporate name or using it as a trademark or any other trademark which is deceptively similar to the trade name and trademark of the plaintiff and also an injunction restraining the defendants 2 & 3 from listing the proposed shares of defendant No.1 in Delhi and Ahmedabad Stock Exchanges respectively. The plaintiff had sought temporary injunction in the same lines till the disposal of the suit.

(9) Defendants 2 & 3 are Delhi Stock Exchange and Ahmedabad Stock Exchange. The territorial jurisdiction of this Court has been invoked on two grounds, firstly that the brochures issued by the defendant No.1 had been circulated in all places including at Delhi and secondly the proposed shares of defendant No.1 are sought to be listed inter-alia at Delhi Stock Exchange as is evident from the contents of the brochure issued by defendant No.1.

(10) Defendant No.1 has hotly contested the suit as well as the application for grant of interim injunction and has also moved an application for vacation of the ex-parte interim injunction. It is averred by defendant No.1 that Delhi Courts have no territorial jurisdiction to try the case as no shares of defendant No.1 had been as yet listed in any stock exchange including Delhi Stock Exchange and no part of cause of action has accrued inasmuch as defendant No.1 has not even established any plant for manufacturing the dairy products, although defendant No.1 has incurred a huge expenditure for starting the dairy business under the name and style of Polson Dairy Limited. It is contended by defendant No.1 that plaintiff has abandoned its trademark "Polson" since because of non-user for more than 15 years and that the renewal of the three trademarks, which were cancelled by the Registrar of Trademarks, after a gap of many years is not valid. It is mentioned that a trademark can be valid for a period of seven years which can be renewed from time to time and the plaintiff in respect of his trademarks 12047, 12048 and 12049 had not taken any steps for their renewal despite three notices being issued by Registrar, Trademarks on January 12, 1979 and those trademarks having been removed from the trademark register as no renewal applications were made despite service of such notices. It is also mentioned that three notices have been issued in respect of other five trademarks of the plaintiff in the year 1980 although no specific order had been made by the Registrar of Trademarks for removing those five trademarks but the legal effect is that they also stand removed from the trademark register in the year 1980. It is alleged that the renewal of trademarks obtained by the plaintiff recently from the back dates is illegal and thus, there is no valid registration of trademarks under the name Polson" in favor of the plaintiff.

(11) It is pleaded that the plaintiff had concealed material fact from this Court in order to obtain ex-parte injunction that, in fact, the plaintiff had not got renewed its trademarks from the year 1952 to 1987. It is alleged that defendant No. 1 before starting its project, had taken out a search in the register of the trademarks office in the year 1990 and a certificate was issued disclosing that no trademark existed under the name "Polson" on the registers of the trademark and even the Registrar of Companies did not object to the registration of defendant No.1 company by using the corporate name "Polson" in its name. It is averred that defendant No.1 has spent about Rs.91,19,000.00 in acquiring the land and site development, building and civil work, plant and machinery and vast equipments and other pre-operative expenses. So, it is alleged that as plaintiff company had not used its trademark "Polson" for its dairy products for the last more than 15 years and had not got their registrations renewed from time to time, these omissions on the part of the plaintiff clearly constitute the abandonment of the mark for intentional non-user and defendant No.1 had, in a bonafide manner, after exercising due diligence, had incurred huge expenses for starting its dairy project under the name and style of Polson Dairy Limited and thus, the plaintiff is not entitled to have any rights in the trademark "Polson" viz. a viz. the .dairy products. It is controverted by defendant

No.1 that any policy decision taken by the government has resulted in imposing any restrictions in the dairy business which had the effect of making the plaintiff's business uneconomical so as to force the plaintiff to suspend its dairy products business for some period.

(12) In the replication and the rejoinder, the plaintiff reiterated its pleas and denied that plaintiff had concealed any material facts and reasserted that trademark "Polson" stands duly renewed up to date in favor of the plaintiff. It was also controverted that the plaintiff had abandoned the said trademark "Polson" for its dairy products. It was pleaded that due to Government restrictions only, as the dairy business had become uneconomical, that the plaintiff had suspended the dairy business but had carried out its other business under the corporate name "Polson" for all these years and had no intention of abandoning the trademark "Polson" for any of its products.

(13) At the outset, I may mention that the word "Poison" is not a common name. The defendant No.1 had not given any facts as to how defendant No.1 adopted this word "Polson" whereas the plaintiff had given the background and the history as to how the word "Polson" was adopted by original proprietor of the dairy business started under the trademark "Polson" and how the said trademark had become popular amongst the consumers of dairy products, particularly of butter and that trademark has been associated with quality products of the plaintiff's predecessor for many many years.

(14) The learned counsel for plaintiff has placed reliance on [Simatul Chemical Industries Pvt. Ltd. Vs. Cibatul Ltd.](#), . It has been laid down in this judgment that where the name of the company commencing production subsequently is deceptively similar to that of an existing company, the latter is entitled to restrain the former by injunction from carrying on its business with such a deceptively similar name. It is also held that where a company complains that its customers are likely to be confused by similarities in the name of its company and another company that has started production subsequently, it is not necessary for the plaintiff to show that the words in the names of the rival companies are identical. The plaintiff simply has to show that the two names are so deceptively similar that there is likelihood of confusion amongst the persons dealing with the two companies.

(15) Reliance is also placed on [Elora Industries Vs. Banarsi Das Goela and Others](#), where a single bench of this Court held that the registered trademark "Elora" of the plaintiff was known to the trade and the word "Elora" lurked and lingered in the minds of the customers minded to obtain goods of that trademark and the wrongful appropriation of trade reputation of the plaintiff was an injury to the business of the plaintiff.

(16) In [Hindustan Radiators Co. Vs. Hindustan Radiators Ltd.](#), the name of the plaintiff company was similarly being adopted by the defendant company. It was held that the trading style and trademark of the defendant was similar to that of the plaintiff with a minute difference and in view of the brochure issued by the defendant it is not unlikely that many a people would start making enquiries from the plaintiff whether the plaintiff was being converted into a limited company and there is every indication that defendant is likely to enrich itself upon the goodwill, name and reputation of the plaintiff which would cause irreparable loss of business, goodwill and reputation of the plaintiff and would cause confusion in the public mind as regard the origin of the goods likely to be produced by the defendant. In that case, the defendant had yet to come into production, still the interim injunction was granted restraining the defendant from using the similar trade name or the trademark as that of the plaintiff.

(17) Learned counsel for the plaintiff has also placed reliance on certain observations made in case of [Hidesign Vs. Hi-design Creations](#), in the said case, the plaintiff was carrying on business of manufacture and sale of leather goods under the name M/s.Hidesign. The defendant, who was formerly an agent of the plaintiff, later on started his own business under the name Hi-design Creations. It was held that the name M/s.Hidesign used by the plaintiff was an uncommon name and defendant, by intending to use similar name or deceptively similar name, would be infringing the trademark of the plaintiff. In the said case, the trademark of the plaintiff had not as yet been registered and still injunction was granted restraining the defendant from using the similar

"trademarks as that of the plaintiff. It was held that mere fact that defendant had incurred huge expenses and plaintiff was sitting idle would not make any difference as defendant has no right to use the name of the plaintiff for its products.

(18) I need not refer to other judgments cited by learned counsel for the plaintiff which have taken almost similar views. The learned counsel for the plaintiff has next argued that even where the plaintiff is not carrying on a particular business in a particular country, the Courts had taken cognizance of reputation of corporate name. She has referred to 1968 Rpc 47, Henry Hemmings Ltd. case and 1950 (67) Rpc 197 Blackman & Conrad Limited Vs. Blackman & Gallon Limited and also 1972 Rpc 673 Ad-Lib Club Ltd. Vs. Granville.

(19) The first question to be decided in the present matter would be whether the plaintiff has a valid registration of trademark "Polson" in its favor or not. This is indeed quite evident that there existed eight registration of trademark "Polson" in favor of the plaintiff or plaintiff's predecessor but they were not got renewed after 1978 for about 15 years and they were got renewed in the year 1992 retrospectively. Three trademarks which were removed from the register of the trademarks were also got restored on the register and the trademarks got renewed.

(20) The learned counsel for the defendant has vehemently argued that the renewal of trademarks retrospectively granted by the Registrar of Trademarks is invalid and thus, there existed no valid trademark in favor of the plaintiff. He has also pointed out that rectification proceedings have been instituted by the defendant after this suit had been filed which are pending and even Registrar has suo-moto issued a notice u/s 56(4) of the Trademark Act for rectification which is also pending.

(21) The learned counsel for defendant has drawn my attention to various provisions of Trade & Merchandise Marks Act 1958 and its rules in support of his contention that if a particular mark is not renewed on the expiry of seven years within the limitation prescribed under the Act and the rules, the trademark automatically lapses and once the trademark had been removed from register, the same cannot be restored back retrospectively by allowing any renewal of trademark.

(22) Section 25 of the Act lays down that the registration of trademark shall be for a period of seven years, but may be renewed from time to time in accordance with the provisions of this Section. Sub-section 4 of this Section lays down that where a trade mark has been removed from the register for non-payment of prescribed fee, the Registrar may, within one year from the expiration of the last registration of the trade mark, on receipt of an application in the prescribed form, if satisfied that it is just so to do, restore the trade mark to the register and renew the registration of the trade mark either generally or subject to such condition or limitations as he thinks fit to impose, for a period of seven years from the expiration of the last registration. Rule 69 of the Trade & Merchandise Marks Rules 1959 lays down that an application for restoration of the trade mark and renewal of its registration under sub-section 4 of Section 25 shall be made on Form TM-13, within one year from the expiration of the last registration of the trade mark accompanied by the prescribed fee.

(23) The learned author Kerly on Trademarks (11th Edition) page 200 had contemplated that the trade mark already removed can be restored even outside the prescribed period. Same view has been expressed by K.S.Savaksha in his book Trade and Merchandise Marks Act (16th Edition at page 92).

(24) The learned counsel for the defendant has sought some support from certain observations of the Supreme Court in case of National Bell Co. Vs. Metal Goods Mfg.Co., AIR 1971 SC 898. The Supreme Court was not dealing with the similar issue in this case. In para 17 of the judgment the Supreme Court, while dealing with Section 32 of the Act, observed that the distinctiveness of the trade mark in relation to the goods of a registered proprietor or such a trade mark may be lost in a variety of ways i.e. by the goods not being capable of being distinguished as the goods of such a proprietor or by extensive policy so that the marks become public juris. The Supreme Court also emphasised that the principle underlying clause (c) of Section 32 is that the property and trade mark exist so long as it continues to be distinctive of the goods of the registered proprietor in the eyes of the public or a

section of the public. If the proprietor's not in a position to use the mark to distinguish his goods from those of others or has abandoned it or the mark has become so common in the market that it has ceased to connect him with his goods, there would hardly be any justification in retaining it on the register.

(25) It was contended by learned counsel for the defendant that as the period of one year in which renewal should be sought is fixed by statute, the same cannot be extended even by the Registrar under the provisions of the Act. The statute does not make the provision mandatory. If that is so, the question whether a particular trade mark which had already been removed or which had not been renewed should be restored or renewed would depend on facts of each case if such renewal or restoration is sought after the expiry of the period prescribed in the statute.

(26) My attention was drawn to page 370 para 21.53 in the book Law of Trade Marks and Passing Off Fourth Edition in which it is observed that a trade mark will be deemed wrongly remaining on the register for non-payment of renewal fee. Similar view has been expressed in the book by Keral at page 176 note 7. However, the question is not whether the trade mark, if not renewed, would lapse or not, the question to be considered is whether the trade mark could be renewed or restored on application moved belatedly. It is quite evident that u/s 28 of the Act, the exclusive use of a trade mark is available if the registration of trade mark is valid.

(27) In [Ruston and Hornsby Ltd. Vs. The Zamindara Engineering Co.,](#) it has been laid down that the action in infringement is a statutory right and it is depending upon the validity of the registration and subject to other restrictions laid down under Sections 30, 34 and 35 of the Act.

(28) As there is no restriction placed in renewal of trade mark retrospectively and provisions of statute being not mandatory, so, prima facie, I am of the view that the plaintiff is presently the owner of the registered trade mark "Polson" and the renewal and the restoration of the trade mark given to the plaintiff by the Registrar, Trade Marks are not invalid.

(29) The learned counsel for the defendant has then contended that since 1978, the plaintiff has not used the trade mark "Polson" in respect of dairy products and plaintiff should be deemed to have abandoned the said trade mark. He has cited Star Industrial Company Limited Vs. Yap Kwee Kor, 1976 F.S.R, 256, a decision of the Judicial Committee of the Privy Council, where the facts, in brief, were that a Hong Kong company which manufactured tooth brushes in Hong Kong with characteristic get up, of which a prominent feature were the words "ACE BRAND". For several years, prior to 1965, they had marketed substantial quantity of such tooth brushes in Singapore mainly for the purpose of re-export to Malaysia and Indonesia. It was held that once the Hong Kong company had abandoned that part of its former business that consisted in manufacturing tooth brushes for exports to and sale in Singapore, it ceases to have any proprietary right in Singapore which was entitled

for protection in any action turn passing off brought in the Courts of that country. it was .held that the goods will as the subject of proprietary rights was incapable of subsisting by itself and had no independent existence apart from the business to which it was attached.

(30) Reference is also made to Normal Kark Publications Ltd. Vs. Odhams Press Ltd., 1962 Rpc 163 where it was also laid down that the plaintiff, in a passing off action, must show that at the date of the user by the defendant of which he complains, he has a proprietary right in the goodwill of the name, or in other words that the name remains distinctive of some product to his, so that the use by the defendant of the name is calculated to deceive.

(31) So, it is argued that as plaintiff had not marketed any dairy products since 1978, the plaintiff was left with no goodwill in any such business which needs protection of the Court. However, it is established from the documents produced by the plaintiff, prima facie, that no doubt plaintiff had not been carrying out business of dairy since 1978 but it had been carrying on manufacture and sale of Chemicals under the trade name "polson" from then contents of the journals published by the plaintiff of the time when dairy business was stopped, it becomes evident, prima facie, that dairy business had become uneconomical because of certain restrictions being placed on the export of the dairy products of the plaintiff from particular district and thus the plaintiff had stored the dairy business for some time. But mere non-user of the trade mark for a short period does not amount to abandonment. (See M/s.Garden Perfume (P) Ltd. Vs. M/s.Anand Soaps & Detergents, 1994 (28) DRJ 113.

(32) In Kamal Trading Company Vs. Gillette U.K. Limited, 1988 Ptc 1, it was held that a break in user of trade mark does not destroy its reputation if the mark is distinctive and continues to survive.

(33) Even otherwise, in the present case, once it is held that trade mark stands registered in the name of the plaintiff validly, prima facie, the defendant had no right to use said trade mark of the plaintiff and that is the effect of the provisions of Sections 28 & 29 of the Act. (See M/s. Avis International Limited Vs. M/s.Avi Footwear Industries, AIR 1991 Del 22; [Plaza Chemical Industries Vs. Kohinoor Chemical Co. Ltd.](#), ; [Hindustan Pencils \(P\) Ltd. Vs. India Stationery Products Co. and Another](#), ; and [Power Control Appliances and Others Vs. Sumeet Machines Pvt. Ltd.](#),)

(34) In Hindustan Embroidery Case, 76 Bom LR 142, the Bombay High Court has gone to the extent of laying that even if the registration of trade mark exists rightly or wrongly on the register of the trade mark, the Court has no right to ignore the same.

(35) In [Kedar Nath Vs. Monga Perfumery and Flour Mills Delhi-6](#), , it is laid down that validity of registration cannot be challenged except taking resort to the provisions of the Act itself.

(36) It has been then contended by learned counsel for the defendant that defendant has sought rectification of the trade mark register and those proceedings are still pending and till the disposal of those proceedings, no injunction should be granted in view of Section 111 of the Act. However, even if the suit is liable to be stayed in view of Section 111 of the Act till the rectification proceedings are decided, the Court has a jurisdiction to grant interim injunction in view of Section 111(5) of the Act. (See also Kedar Nath's case (supra); [Parke Davis and Co. Vs. D.B.T. Pharmaceuticals](#), ; Atma Ram Vs. Paris Star, 1982 Ptc 211 and Surjit Book Depot case, 1980 Ptc 297

(37) It is quite clear that adoption of the word "Polson" in the name of the defendant company is malafide and defendant has not explained how it has come to adopt the said word, particularly when the said word is an invented word which is derived from the name of the original proprietor of the trade mark. This Court, in a number of judgments, i.e. [B.K. Engineering Co. Vs. Ubhi Enterprises \(Registered\) and Another](#), and M/s.Avis International Ltd. (supra) has held that if a particular mark has been dishonestly usurped by a party, such a party cannot have any defense against the grant of temporary injunction restraining it from using such mark which would ultimate result in deceiving the public.

(38) I may mention that in one of the trade journal, an interview purported to have been given on behalf of the defendant was published before defendant company came to be incorporated in which it was clearly indicated that the "Polson" which was having high reputation in dairy products earlier is being revived when, in fact, defendant has no connection with the proprietor of the said trade mark of "Polson" and with the successor-in- interest of the said proprietor i.e. the plaintiff. Although the defendant has denied that defendant had got published such news item but prima facie it is not possible to hold that plaintiff had implanted the- said news item.

(39) So, it is evident that defendant is trying to prima facie take benefit of the reputation which the trade mark "Polson" enjoyed in order to deceive the general public that defendant company is successor-in-interest of the old company for reviving the business of dairy product for having the same high quality of products as used to be marketed by the plaintiff or plaintiff's predecessor a few decades ago. Even adoption of the name "Polson" in the name of the defendant company is, prima facie, illegal because two companies having same type of names cannot be registered under the Indian Companies Act. Be as it may, keeping in view all these facts I find that there exists prima facie case in favor of the plaintiff and the balance of convenience is also in favor of the plaintiff because the defendant is yet to come into production and the evil is sought to be nipped at the bud by the plaintiff filing the suit in right earnest because the defendant company has attempted to go for public issue.

(40) I, hence, allow the application of the plaintiff and confirm the injunction already granted till the disposal of the suit and dismiss the application of the defendant

seeking vacation of the injunction.