

CASE NO.:
Appeal (civil) 6622 of 2005

PETITIONER:
Bhavanesh Mohanlal Amin and Anr.

RESPONDENT:
Nirma Chemicals Works and Anr.

DATE OF JUDGMENT: 07/11/2005

BENCH:
ARIJIT PASAYAT & C.K. THAKKER

JUDGMENT:
J U D G M E N T
(Arising out of SLP (C) No. 12120 OF 2005)

ARIJIT PASAYAT, J.

Leave granted.

Challenge in this appeal is to the legality of the judgment rendered by a learned Single Judge of the Gujarat High Court upholding the order passed by City Civil Judge, Ahmedabad in Suit No.1952/1999 granting ad interim injunction restraining the appellants from using the mark "NIRMA".

The background facts giving rise to the appeal essentially are as follows:

The respondents-original plaintiffs filed civil suit no.1952/1999 for a declaration and permanent injunction, projecting the factual position as follows:-

The plaintiff no.1 is a Company incorporated under the provisions of the Companies Act, 1956 and plaintiff no.2 is a Trust registered under the provisions of the Indian Trust Act, 1882. Plaintiff no.1 is the owner and proprietor of the trade mark NIRMA and the same trade mark has been assigned in favour of plaintiff no.1 by way of assignment deed. The assignment deed is filed for registration under the provisions of the Trade Marks Act, 1999 (in short the 'Act') and plaintiff no.1 is engaged in the business of manufacturing and marketing various consumer products in India and elsewhere.

The plaintiff's predecessor-in-title started manufacturing and marketing detergent powder, detergent cake and other products in India and elsewhere. The word NIRMA has been coined and invented from the name of NIRUPAMA, daughter of Smt. Shantaben K. Patel, a partner of the said partnership firm and as such trade mark NIRMA has been registered. The same is continuously used in various packing materials for different products i.e. soap, detergent powder, detergent cake, cleaning preparations, etc.

Trade mark "NIRMA" is also used and got registered under the Act in respect of various classes like spices, match box and other consumer items. Plaintiff's products are sold throughout India and the name NIRMA has acquired

reputation and goodwill in the market. The plaintiffs have applied for registration of similar names NIRMAL, NIMA and also applied for exclusive right to use of the said words. Plaintiffs have got registration of mark NIMA. The plaintiff no.1 is registered at Registration No.422839 in respect of the goods covered in Class 7 and, therefore, the use of the same or any other identical or deceptively similar name by any other person, more particularly by the defendants amounts to infringement to the plaintiff's trade marks. Trade mark NIMA is also registered bearing Registration No.396185/B of 1982.

It is alleged that the appellants-defendants have adopted and started using the word NIMA for their product flour mills. Therefore, Notice was served on 22.9.1998 calling upon the defendants to stop using the trade mark NIMA. The defendants replied to the Notice on 7.10.1998. Again, another notice was served to which there was no reply. According to the plaintiffs, by using the word NIMA the defendants are creating confusion and deception in the mind of general public because the word NIMA is identical and deceptively similar to the plaintiff no.1's very popular trade mark NIRMAL. However, the defendants declined to stop using the word NIMA for their products. Under these circumstances, the plaintiffs filed the aforesaid Civil Suit.

The trial Court after hearing the parties passed an order on 11.2.2000, whereby the appellants were restrained by an order of temporary injunction from manufacturing and marketing their products i.e. flour mills (Ghar Ghanti) by using the word NIMA till hearing and final disposal of the suit.

Against the aforesaid order the appeal was filed before the Gujarat High Court by the original defendants. As noted above the High Court dismissed the appeal.

The High Court referred to several decisions of this Court and various High Courts and held that the trial Court was justified in granting ad interim injunction in favour of the plaintiffs. It came to the following findings:

"From the above discussions, it is clearly established that the plaintiffs have statutory rights since they have registration of the trade marks NIRMAL and NIMA. If injunction was not granted in favour of the plaintiffs, it would have amounted to infringement of the trade mark of the plaintiffs. The trial Court has rightly concluded that if the defendants were restrained from using the mark NIMA, it would not cause any irreparable loss to the defendants since the defendants had entered the market only before a couple of years, whereas against that, the plaintiffs were doing business with the said marks since the last two decades. Moreover, the total turnover of the plaintiffs is more than 900 crores and average annual budget for advertisement is about 11-12 crores. Therefore, if the defendants are not restrained from using the said mark, it would cause irreparable loss to the business,

reputation, goodwill etc. of the plaintiffs. As said above, if the defendants are aggrieved by the presence of the said mark on the register, the only course available to them is to prefer rectification application before the appropriate authority in order to get the said mark scored off of the register."

In the present appeal the primary stands of the appellants are as follows:

"Appellant No.1 is a firm inter alia engaged in the manufacturing, marketing and selling of electric flour mill (Ghar Ghanti) since 12.4.1997. The application dated 29.10.1998 w.e.f. 12.4.1997 for registration of the mark "NIMA" filed by the appellants is pending before the Trademarks Registry, Ahmedabad in respect of products under class 7 being machines and machine tools, motors (except for land vehicles), machine coupling other than belting (except for land vehicles).

The respondents, on the other hand, are owners of registered trademark "NIRMA" for goods under Class 3 being washing soaps and detergents in the form of powder, cake or bar (not for use in industrial or manufacturing processes), cleaning powder. They hold a trade mark "NIRMA" in respect of goods under Class 7 since 25.6.1984. The respondents herein according to appellants have never used the trademark "NIRMA" for the goods falling under Class 7 for last more than two decades.

The goods falling under Class 7 are as under:-

Class 7:- Machines and machine tools; motors and engines (except for land vehicles); machine coupling and transmission components (except for land vehicles) agricultural implements other than hand operated; incubator for eggs.

Respondents also hold a registered trademark with respect to mark "NIMA" since 8.10.1982 with respect to goods under Class 3.

The goods falling under Class 3 are as under:-

Class 3:- Bleaching preparations and other substances for laundry use; cleaning, polishing; scouring and abrasive preparations; soaps, perfumery, essential oils, cosmetics, hair lotion, dentrifices.

The respondents got registered trademark with

respect to mark "NIMA" under Class 7 goods on 20.12.2004 w.e.f. 15.10.1998 i.e. subsequent to the date from which the appellants have been using the mark "NIMA" for manufacturing and selling electric flour mill which falls under Class 7. With respect to mark "NIMA" the appellants herein are a prior user for goods falling under Class 7. In any case, the respondents have not used the mark "NIMA" or "NIRMA" for goods or products under Class 7 till date."

Learned counsel for the appellants has further submitted that the High Court erred in upholding the order of restraining appellants from using mark "NIMA" as the action of passing off is immaterial when the case of the parties are different, their trade channels are different or prices are different. It was pointed out that the appellants had prior user in respect of the mark NIMA for goods under Class 7 of the Act. It was further submitted that the appellants and the respondents dealt with completely different Class of goods with different prices and customers and, therefore, ad interim injunction should have been granted. The trademark NIMA was resisted only in respect to the goods under Class 7 at the relevant time and, therefore, the High Court should not have extended the protection with respect to goods falling under Class 7.

In response, learned counsel for the respondent submitted that goodwill generated by the respondents by huge investments is intended to be exploited by the appellants by using deceptively similar names. It is a clear case of passing off. It was pointed out that as the phrase 'passing off' itself suggests in an action of 'passing off' is to restrain the defendant from passing off its goods or service to the public as the plaintiffs. It is an action not only to preserve the reputation of the plaintiff but also to safeguard the public. With respect to decisions of this Court in Mahendra & Mahendra Paper Mills Ltd. v. Mahindra & Mahindra Ltd. (AIR 2002 SC 117) and Satyam Infoway Ltd. v. Sifynet Solutions (P) Ltd. (2004 (6) SCC 145) and the large number of other decisions it was submitted that the ad interim injunction was granted by the trial Court on proper consideration of relevant aspects. It is submitted that the High Court was justified in upholding the order of ad interim injunction after analysing the legal position in detail, and keeping in view the jurisdiction of appellate Courts in such matters.

In Cadila Healthcare Ltd. v. Cadila Pharmaceuticals Ltd. (JT 2001 (4) SC 243), this Court laid down certain factors in order to decide an action of passing off on the basis of unregistered trade mark. It has held that factors like nature of the marks i.e. whether the marks are word marks or label marks, the degree of resemblance between the marks phonetically similar and hence similar in idea, the nature of the goods in respect of which they are used as trade marks, the similarity in the nature, character and performance of the goods of the rival traders, the class of purchasers who are likely to buy the goods bearing the marks they require, the mode of purchasing the goods or placing orders for the goods and any other surrounding circumstances which may be relevant in the

extent of dissimilarity between the competing marks are to be considered.

In Mahendra & Mahendra case (supra) it was observed as follows:

".....the name has acquired a distinctiveness and a secondary meaning in the business or trade circles. People have come associate the name "Mahindra" with a certain standard of goods and services. Any attempt by another person to use the name in business and trade circles is likely to and in probability will create an impression of a connection with the plaintiffs' group of companies. Such user may also effect the plaintiff prejudicially in its business and trading activities."

In Satyam Infoway Ltd. case (supra) it was held that to establish an action of passing off three elements are needed to be established. They are as follows:

"(a) The first element in an action for passing off, as the phrase "passing off" itself suggests, is to restrain the defendant from passing off its goods or services to the public as that of the plaintiff's. It is an action not only to preserve the reputation of the plaintiff but also to safeguard the public. The defendant must have sold its goods or offered its services in a manner which has deceived or would be likely to deceive the public into thinking that the defendant's goods or services are the plaintiffs. (b) The second element that must be established by the plaintiff is misrepresentation by the defendant to the public and what has to be established is the likelihood of confusion in the minds of the public that the goods or services offered by the defendant are the goods or the services of the plaintiff. In assessing the likelihood of such confusion the Courts must allow for the "imperfect recollection of a person of ordinary memory". (c) The third element of a passing off action is loss or the likelihood of it."

We find that it would not be proper to go into the legal position to be applied to the factual background in detail. The High Court noted and directed as follows:

"However, since the suit in question is of the year 1999, the City Civil Court, Ahmedabad, is directed to expedite its hearing and to dispose it of within a period of six months, if it is already ripe for hearing; otherwise, within a period of two years from the receipt of writ of this order. Office is directed to send writ of this order forthwith. With the above observations and directions, this appeal from order stands disposed of. Interim relief granted earlier stands vacated. No order as to costs."

It is pointed out by learned counsel for the respondents that since the appellants have moved for action in terms of Section 111 of the Trade and Merchandise Marks Act, 1958 (in short the 'Old Act') corresponding to Section 124 of the Act there is no scope for proceeding in the suit further. Learned counsel for the parties agreed that an early disposal of the matter would be in the interest of the parties. Learned counsel for the appellants fairly stated that the question relating to bar of jurisdiction in terms of Section 111 of the Old Act corresponding to Section 124 of the New Act shall not be raised and the trial Court would be free to proceed with the suit.

In the aforesaid background we direct the trial Court to dispose of the suit as early as practicable preferably by the end of January, 2006. Residual question is whether as contended by learned counsel for the appellants the protection given by the High Court while disposing of the appeal and extended by this Court initially by orders dated 27.5.2005 and 13.7.2005 should be continued as the conclusions of the trial Court as affirmed by the High Court are erroneous in law and the appellants have a fair chance of success in the suit. On the other hand, it was pointed out by learned counsel for the respondents that the respondents have succeeded before two courts and the correct position in law has been kept in view.

On the peculiar circumstances, we feel it would be desirable to vary the interim order to the extent that there shall not be stay of operation of the High Court's order but without leave of the trial Court the respondents shall not initiate any action for user of the mark NIMA by the appellants till the disposal of the suit.

The appeal is disposed of without any order as to costs.