

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

Dated this the 14th day of September, 2016

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BEFORE

THE HON'BLE MR.JUSTICE P.S. DINESH KUMAR

Miscellaneous First Appeal No.2170 /2016 (IPR)

C/W

MFA.CROB. No.64/2016

IN MFA No.2170/2016:

BETWEEN:

M/s.AVIGHNA COFFEE PVT. LTD.,
HAVING ITS REGISTERED OFFICE AT:
No.514/1, 80 FEET ROAD
KORAMANGALA 1ST BLOCK
BENGALURU - 560 034
REPRESENTED BY ITS DIRECTOR
Mrs.GIRIJA CHANDAN

...APPELLANT

(By Sri.ADITYA SONDHI, Sr. COUNSEL FOR
Smt.B.V.NIDHISHREE, Adv.,)

AND:

M/s.COTHAS COFFEE CO.
HAVING ITS REGISTERED OFFICE AT
NO.609-560/1, 609-560/2
AND 323 PART B, JIGANI
BOMMASANDRA LINK ROAD
JIGANI INDUSTRIAL AREA
ANEKAL TALUK
BENGALURU - 562 105
REPRESENTED BY ITS PARTNER
Mr.C.S.NITIN

...RESPONDENT

(By Sri.S. SREEVATSA, Sr. COUNSEL FOR
Sri.THOMAS VELLAPALLY FOR C/R)

THIS MFA IS FILED U/O 43 RULE 1(r) OF CPC, AGAINST THE ORDER DATED:20.02.2016 PASSED ON IA NO.1, 2 AND 3 IN O.S. NO.4047/2015 ON THE FILE OF THE XVIII ADDITIONAL CITY CIVIL AND SESSIONS JUDGE, BENGALURU CITY, ALLOWING IAS NO.1 & 2 FILED U/O 39 RULE 1 AND 2 R/W SEC.151 OF CPC REJECTING IA NO.3 FILED U/O 39 RULE 4 OF CPC.

IN MFA CROB No.64/2016:

BETWEEN:

M/s.COTHAS COFFEE CO.
A REGISTERED PARTNERSHIP FIRM
HAVING ITS OFFICE AT
NO.609-560/1, 609-560/2
AND 323 PART B, JIGANI
BOMMASANDRA LINK ROAD
JIGANI INDUSTRIAL AREA
ANEKAL TALUK
BENGALURU - 562 105 AND
REPRESENTED HEREIN BY ITS PARTNER
Mr.C.S.NITIN
S/O.Mr.C.K.SREENATHAN
MAJOR

...CROSS OBJECTOR

(By Sri.S. SREEVATSA, Sr. COUNSEL FOR
Sri.THOMAS VELLAPALLY FOR C/R)

AND:

M/s.AVIGHNA COFFEE PVT. LTD
A COMPANY INCORPORATED UNDER THE
COMPANIES ACT, 1956 AND HAVING ITS
REGISTERED OFFICE AT
No.S15/1, 80 FEET ROAD
1ST BLOCK, KORAMANGALA
BENGALURU - 560 034 AND
REPRESENTED BY ITS DIRECTOR
Mrs.GIRIJA CHANDAN

...RESPONDENT

(By Sri.ADITYA SONDHI, Sr. COUNSEL FOR
Smt.B.V.NIDHISHREE, Adv.,)

THIS MFA CROB IN MFA NO.2170/2016 IS FILED U/O 41 RULE 22 R/W U/O 43 RULE 1 (R) OF THE CPC, AGAINST THE JUDGMENT AND AWARD DATED:20.02.2016 PASSED ON IA NO.1 TO 3 IN O.S. NO.4047/2015 ON THE FILE OF THE 18TH ADDITIONAL CITY CIVIL JUDGE & SESSIONS JUDGE, BENGALURU CITY, ALLOWING IAS NO.1 & 2 FILED U/O 39 RULE 1 & 2 R/W SEC.151 OF CPC AND REJECTING IA NO.3 FILED U/O 39 RULE 4 OF CPC.

THESE MFA AND MFA CROB HAVING BEEN HEARD AND RESERVED FOR JUDGMENT, THIS DAY, THIS COURT PRONOUNCED THE FOLLOWING:-

JUDGMENT

This appeal is presented by the defendant before the Trial Court challenging the order dated 20.2.2016 allowing IAs No.1 & 2 filed under Order XXXIX Rules 1 & 2 read with Section 151 CPC and restraining the defendant from causing any sale and advertisement of its product under the trademark "cothagiri" or any other mark either in English or in any other language identified with or deceptively similar to plaintiff's registered trademarks "Cothas Coffee" and "Cothas".

2. Plaintiff-respondent has filed Cross Objections to set aside a finding recorded by the trial Court that it

has not complied with provisions of Order XXXIX Rule 3(a) CPC.

3. For the sake of convenience, parties are referred as per their status before the Trial Court.

4. Plaintiff, a registered Partnership Firm, brought the instant action by filing a suit before the Trial Court *inter alia* praying for:-

- a permanent injunction restraining the defendant and their agents etc., from infringing plaintiff's trademark "Cothas Coffee" and "Cothas";
- a permanent injunction restraining the defendant from manufacturing or selling any goods particularly Coffee, Tea or allied products under the trademark "cothagiri" either in Kannada or any other language, which is identical with or deceptively similar to the plaintiff's trademarks "Cothas" and "Cothas Coffee".
- a permanent injunction restraining the defendant from manufacturing or selling any goods particularly

Coffee, Tea or allied products under the name “cothagiri” either in Kannada or any other language, which is identical with or deceptively similar to plaintiff’s trademarks “Cothas” and “Cothas Coffee”

5. Plaintiffs also filed an I.A. under Order XXXIX Rules 1 and 2 CPC praying for an order of temporary injunction and the Trial Court granted an ex-parte *ad-interim* order of injunction on 30.4.2015. Later, by impugned order dated 20.2.2016, Trial Court rejected an I.A. filed by the defendant to vacate the ad-interim order but made it absolute.

6. Heard Sri Aditya Sondhi, learned Senior Counsel for the appellant and Sri S. Sreevatsa, learned Senior Counsel for the caveator/respondent.

7. Sri Aditya Sondhi, learned Senior Counsel made following submissions in support of this appeal:-

(a) Section 29 of the Trade Marks Act, 1999 (‘Act’ for short) defines infringement. A registered Trade Mark

is said to be infringed by a person, if he uses the same in the course of a trade, which is identical with or deceptively similar to a registered trademark in relation to goods or services.

Amplifying his submission, he contended that only two contingencies are envisaged, which would result in infringement. The first one is direct use of a registered trademark and the second is use of a mark which is identical or deceptively similar. He submitted that neither contingency has occurred in the instant case. To buttress his contention, he produced the packing material used by both plaintiff and defendant to pack and sell coffee powder. Adverting to the defendant's packing material, he submitted that the packaging cover is distinct in its identity. The words 'cotha' and 'giri' are written in an artistic manner with a background of 'hills' in Yellow and Brown colour combination. Adverting to the packing cover used by the plaintiff, he submitted that the said cover has no colour combination and

the words “Cothas Coffee” is written both in English and Kannada languages. He argued that by no stretch of imagination, a reasonable person can infer that both products are one and the same and therefore there is no infringement as defined under Section 29 of the Act.

- (b) That the *ex-parte* ad-interim order passed by the Trial Court was also *nonest* in law because the respondent did not comply with the mandatory provisions of Order XXXIX Rule 3 CPC. In support of this contention, he placed reliance on the following passage from the Judgment of Hon’ble High Court of Delhi in the case of *AGI Logistics INC and Anr. v. Mr.Sher Jang Bhadhur and Anr.* delivered in C.S.(OS) 1314/2009, which reads as under:-

“10. It is plain that the plaintiffs, after obtaining an *ex parte ad interim injunction* against the Defendants, failed to deliver to the Applicants/Defendants or to send them by registered post within one week, a copy of the application for *ad interim injunction*

together with (i) a copy of the affidavit filed in support of the application (ii) a copy of the plaint and (iii) copies of the documents on which the plaintiffs rely upon. The statutory requirement is unambiguous. Every document filed by the plaintiffs themselves, on the basis of which they obtained an ad interim ex parte injunction, has to necessarily be “delivered” to the Defendant. The word deliver would necessarily mean actual physical delivery on the Defendant. The only alternative mode that the provision envisages is dispatch by registered post, immediately after the order granting injunction has been made. The dispatch by registered post as again would be of the entire set of documents as set out under Clause (a) to the proviso to Order XXXIX Rule 3 CPC. There can be no escape from complying with this provisions”.

He also adverted to the observations of the Hon’ble Supreme Court in the case of *Shiv Kumar Chadha v. MCD MANU/SC/0522/1993 : (1993)3 SCC 161*, and

argued that non compliance of Order XXXIX Rule 3 CPC renders an *ex-parte* interim order *nonest*.

- (c) That the Trial Court erred in making a 'side by side' comparison of the Trade Marks. In support of this contention, he placed reliance on the following passage of the Judgment of Hon'ble Supreme Court in the case of *Parle Products (P) Ltd. v. J.P. and Co., Mysore* reported in (1972) 1 SCC 618, which reads as under:-

"9. It is therefore clear that in order to come to the conclusion whether one mark is deceptively similar to another, the broad and essential feature of the two are to be considered. They should not be placed side by side to find out if there are any differences in the design and if so, whether they are of such character as to prevent one design from being mistaken for the other. It would be enough if the impugned mark bears such an overall similarity to the registered mark as would be likely to mislead a person usually dealing with one, to accept the other if offered to him. In this case we find that the packets are

practically of the same size, the colour scheme of the two wrappers is almost the same; the design on both though not identical bears such a close resemblance that one can easily be mistaken for the other. The essential features of both are that there is a girl with one arm raised and carrying something in the other with a cow or cows near her and hens or chickens in the foreground. In the background there is a farm house with a fence.....”

(d) That the defendant is protected under Section 35 of the Act. It has coined and chosen ‘cothagiri’ as its trade name for its product because ‘cotha’ is the family name of directors’ respective spouses. Under Section 35 of the Act, a registered user of a trademark shall not be entitled to interfere with any *bonafide* use by a person of his own name or that of his place of business or of his predecessor. Further, ‘giri’ means mountains, where coffee is grown. Thus, defendant is protected under Section 35 of the Act against any action. In support of this contention, he

placed reliance on following passage from the Judgment of the Hon'ble Supreme Court in the case of *Precious Jewels and another v. Varun Gems* reported in (2015) 1 SCC 160, which reads as under:-

“9. As stated hereinabove, Section 35 of the Act permits anyone to do his business in his own name in a bona fide manner. In the instant case, it is not in dispute that the Defendants are doing their business in their own name and their bona fides have not been disputed. It is also not in dispute that the Plaintiff and Defendants are related to each other and practically all the family members are in the business of jewellery.....”

He also referred to paragraph-11 from the judgement in the case of *Sterling's Mac Fast Food v. McDonald's Corporation, U.S.A. & Anr.* reported in 2005 (30) PTC 417 (Karn) which reads as under:-

“11. The defendant has contended that the business was started mainly by

Mr. John Mathew, who was running the Sterling Group in Dubai and Doha. When he decided to open a branch in India, he decided to name the same after his son, Mac Mathew, hence the name Sterling Mac Fast Food. Mr. Mac Mathew was born in 1973 and that after the retirement of its partner, Mr. Aboobaker, Mac Mathew has been inducted into the partnership. The choice of the name Mac having arisen from the name of Mac Mathew was bona fide and no mala fides can be attached to the same, since it is the name of one of the partners of the defendant”.

- (e) That the plaintiff markets its products in the name of ‘Cothas Coffee’. The words ‘cothagiri’ and ‘Cothas Coffee’ cannot be slurred over in pronunciation as they are distinctly dis-similar. In support of this submission, he placed reliance on paragraph - 8 of the judgment of the Hon’ble Supreme Court in the case of *F. Hoffmann-LA Roche & Co. Ltd. v. Geoffrey Manner & Co. Pvt. Ltd.* reported in 1969(2) SCC 716, which reads as follows:-

“8. In order to decide whether the word “Dropovit” is deceptively similar to the word “Protovit” each of the two words must, therefore, be taken as a whole word. Each of the two words consists of eight letters, the last three letters are common, and in the uncommon part the first two are consonants, the next is the same vowel ‘O’, the next is a consonant and the fifth is again a common vowel ‘O’. The combined effect is to produce an alliteration. The affidavits of the appellant indicate that last three letters “Vit” is a well known common abbreviation used in the pharmaceutical trade to denote Vitamin preparations. In his affidavit, dated January 11, 1961 Frank Murdoch, has referred to the existence on the Register of about 57 trade marks which have the common suffix “Vit” indicating that the goods are vitamin preparations. It is apparent that the terminal syllable “Vit” in the two marks is both descriptive and common to the trade. If greater regard is paid to the uncommon element in these two

words, it is difficult to hold that one will be mistaken for or confused with the other. The letters 'D' and 'P' in "Dropovit" and the corresponding letters 'P' and 'T' in "Protovit" cannot possibly be slurred over in pronunciation and the words are so dissimilar that there is no reasonable probability of confusion between the words either from the visual or phonetic point of view".

- (f) That the plaintiff has attempted to question defendant's ethical correctness in incorporating its Company and to market Coffee whilst respective spouses of both Directors of the Company namely, Girija Chandan and Satyavati Prakas had received large sums of money at the time of dissolution of the firm 'Cothas Coffee Co' on 23.12.2013. He argued that the appellant is a Private Limited Company and a juristic person. It is separate and distinct from its members. Its rights and obligations are different from those of its shareholders. In support of this contention, he placed reliance on a portion of

paragraph No.4 from the Judgment of the Hon'ble Supreme Court in the case of *Heavy Engineering Mazdoor Union v. State of Bihar and others* reported in 1969 (1) SCC 765, which reads as under:-

“4.....An incorporated company, as is well known, has a separate existence and the law recognizes it as a juristic person separate and distinct from its members. This new personality emerges from the moment of its incorporation and from that date the person subscribing to its memorandum of association and others joining it as members are regarded as a body incorporate or a corporation aggregate and the new person begins to function as an entity. (Cf. Salomon v. Salomon & Co.). Its rights and obligations are different from those of its shareholders. Action taken against it does not directly affect its shareholders.....”

- (g) That the Plaintiff has also found fault with the Directors of defendant Company for not having

mentioning names of their respective husbands in the memorandum of association of the Company. Shri. Sondhi submitted that there is absolutely no *mala fide* intention in not disclosing the names of their respective husbands. On the other hand, father's name has been mentioned in compliance with the statutory requirements under the Companies Act, 1956.

8. In sum and substance, he argued that defendant being a Company incorporated under the Companies Act, 1956, has an independent entity of its own. The trade names 'cothagiri' and 'Cothas Coffee' are not deceptively similar. The word 'cotha' is the family name of the respective spouses of Directors of the Company. Therefore, firstly there is no infringement of the Trade Mark as defined under Section 29 of the Act. Secondly, the use of name 'cothagiri' is protected from any action under Section 35 of the Act. Therefore, Trial Court

fell in an error while granting the *ex-parte ad-interim* order of injunction and further erred in making it absolute.

With the above submissions, he prayed for setting aside the impugned order by allowing this appeal.

9. Per contra, Sri S. Sreevatsa, learned Senior Counsel appearing for the respondent supporting the impugned order, made following submissions:-

(a) Defendant is selling coffee under the trade name 'cotha giri' which is deceptively similar to 'Cothas Coffee' and it amounts to infringement of trademark as defined under Section 29 of the Act.

(b) Defendant- Company is promoted by Mrs. Girija Chandan wife of C.P. Chandan and Mrs. Satyavati Prakas wife of Cothas K. Prakas. Respective husbands of both directors are the retiring partners and signatories to the 'Deed of Retirement' dated 23.12.2013 of the Partnership Firm "Cothas Coffee Co." under the said Deed, Cothas K. Prakas has received a sum of Rs.11,74,25,000/- and C.P.

Chandan has received Rs.59,90,000/- in full and final settlement of their claims. The retiring partners have covenanted not to engage in any activity similar to the one carried further by the plaintiff either directly or indirectly for a period of three years. However, in violation of the said covenant, Defendant-Company was incorporated on 25.7.2014. Therefore, it shall not be entitled for any protection under Section 35 of the Act;

- (c) In the application filed before the trade marks authorities, defendant has shown it's address as No: 514/1, 80 feet Road, I Block, Koramangala, Bengaluru-560 034. Therefore, plaintiff has mentioned the same address in the plaint. Defendant has not denied that the address given in the cause title is incorrect in it's written statement. Hence, the defendant's any grievance with regard to non compliance of Rule 3(a) of Order XXXIX CPC is untenable in law.

(d) The words 'cotha' and 'giri' are written in two different lines in the packaging covers used by the defendant. 'Cotha' is written in the first line and 'giri' in the second line. This is deceptively similar to the manner in which plaintiff has written 'Cothas' in the first line and 'coffee' in the second line. Therefore, coffee powder marketed by the defendant can be easily passed off as 'Cothas Coffee'.

10. In support of above contentions, learned Senior Counsel for plaintiff placed reliance on the following judgments reported in:-

- (i) *(2002) 2 SCC 147 (Mahendra & Mahendra Paper Mills Limited v. Mahindra & Mahindra Ltd.)*, paragraphs No. 16, 17, 18, 23 & 24.

Relevant portions are extracted hereunder:-

"16.....On analysis of the principles laid down in the decisions, certain recognized parameters relating to the matter have emerged. Without intending to be exhaustive some of the principles which are accepted as well settled may be stated thus: that whether

there is a likelihood of deception or confusion arising is a matter for decision by the court, and no witness is entitled to say whether the mark is likely to deceive or to cause confusion; that all factors which are likely to create or allay deception or confusion must be considered in combination; that broadly speaking, factors creating confusion would be, for example, the nature of the market itself, the class of customers, the extent of the reputation, the trade channels, the existence of any connection in course of trade, and others.

17. This Court, in the case of *Corn Products Refining Co. v. Shangrila Food Products Ltd.* Observed that: (SCR pp.978-99)

“The question whether two competing marks are so similar as to be likely to deceive or cause confusion is one of first impression and it is for the court to decide it. The question has to be approached from the point of view of a man of average

intelligence and imperfect recollection. To such a man the overall structural and phonetic similarity of the two marks Gluvita and Glucovita is likely to deceive or to cause confusion. In deciding whether two marks are so similar as to be likely to deceive or cause confusion the similarity of idea is a relevant consideration.”

24. *Judging the case in hand on the touchstone of the principles laid down in the aforementioned decided cases, it is clear that the plaintiff has been using the words “Mahindra” and “Mahindra & Mahindra” in its companies/business concerns for a long span of time extending over five decades. The name has acquired a distinctiveness and a secondary meaning in the business or trade circles. People have come to 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 affect the plaintiff prejudicially*

in its business and trading activities. Undoubtedly, the question whether the plaintiff's claim of "passing-off action" against the defendant will be accepted or not has to be decided by the Court after evidence is led in the suit. Even so for the limited purpose of considering the prayer for interlocutory injunction which is intended for maintenance of status quo, the trial court rightly held that the plaintiff has established a prima facie case and irreparable prejudice in its favour which calls for passing an order of interim injunction restraining the defendant Company which is yet to commence its business from utilising the name of "Mahendra" or "Mahendra & Mahendra" for the purpose of its trade and business. Therefore, the Division Bench of the High Court cannot be faulted for confirming the order of injunction passed by the learned Single Judge."

- (ii) 2004 (76) DRJ 616 in the case of *Dr. Reddy's Laboratories Ltd v. Reddy Pharmaceuticals Limited*, (paragraphs No.10 and 11) which read as under:-

"10. Coming to the question as to whether the plaintiff has succeeded or not in establishing a prima facie case in its favour for grant of ad interim injunction,

this Court finds that the pleadings of the parties as well as documents placed on record prima facie show that since 1984 or so the plaintiff company is engaged in the manufacture and sale of bulk drugs as well as finished pharmaceutical preparations. The plaintiff has huge sales of its products not only in India but in other countries also. Its turn over is about 68 crores or so in regard to branded formulations. Its exports also were to the tune of Rs.115 crores in the year 2002-2003. it has established its subsidiaries in many countries which are also using its trade name/ trade mark "Dr. Reddy", the logo representing a man with outstretched arms and word mark "Dr. Reddy's" which was created in April, 2001 is an original artistic work within the meaning of Section 2(c) of the Copyright Act. In December, 2002 it was formally assigned to the plaintiff. The plaintiff has applied for the registration of the said logo as well as trade mark in various countries including India. The registration process in Romania is already complete. It is, therefore, prima facie shown on record that the plaintiff is a leading manufacturer of

bulk drugs as well as pharmaceutical preparations and its trade mark "Dr. Reddy's" and a logo comprised of a man with outstretched arms has acquired substantial recognition not only in India but abroad also. The drugs and pharmaceutical preparations manufactured by the plaintiff have earned enormous trade reputation and goodwill and plaintiff is distinctively identified and associated with trade mark/name "Dr. Reddy" as well as logo.

11. The pleadings and the material on record prima facie show that the defendant also has been functioning under the trade name "Reddy Pharmaceutical Limited" since 1996 but its sphere of business was never manufacturing drugs or pharmaceutical preparations. It is shown on the record that the defendant was only a trader in bulk drugs and was acting as an agent of the plaintiff even for the sale of bulk drugs. The defendant was purchasing bulk drugs since 1997 not only from the plaintiff but from other manufacturers also and was supplying the same to various pharmaceutical companies and as such

was an agent only for the sale of bulk drugs. The copies of invoices placed on record prima facie establish this fact. The defendant was appointed a Delcredere Agent by plaintiff on 1.4.2003 and an agreement was entered between them in this behalf. Till April, 2003, therefore, there was no problem between the plaintiff and defendant but in August, 2003 the defendant suddenly launched about 33 pharmaceutical preparations under various brand names and started using the name "Reddy" which gave the plaintiff a rude jolt in as much as in the field of manufacturing of bulk drugs and pharmaceutical preparations the trade mark "Dr.Reddy's" was distinctly associated and identified with the plaintiff company. There is nothing on record to show that prior to August, 2003 the defendant was engaged in the manufacturing or sale of the pharmaceutical preparations under the trade name "Reddy". The Articles of Association of the defendant which say that one of the objects of the defendant company was to carry on business of manufacture and trading of all kinds of

pharmaceutical preparations and drugs does not advance the defendant's case in any manner as it is shown on record that prior to August, 2003 the defendant was not at all engaged in the manufacturing, marketing or sale of pharmaceutical preparations. It was only dealing in bulk drugs manufactured by others including the plaintiff company".

(iii) 1987 SCC Bom 225 : AIR 1988 BOM 167 (Bajaj Electricals Limited, Bombay v. Metals & Allied Products, Bombay and another):-

"7. It is required to be stated at the outset that in the present case the question for determination is whether the defendants are guilty of passing off and not of infringement of trade mark. It was contended by Mr. Cooper, learned counsel appearing on behalf of the respondents, that the surname of the partners of defendant No.1 being 'Bajaj', the defendants are entitled to use their own name and unless it is established that the user was dishonest, it is not permissible to grant injunction on the ground that the user is likely to cause deception or confusion in the mind of the customers. It is not possible to accept the submission of the learned

counsel. It is necessary to bear in mind that the defendant No.1 is not using the word "Bajaj" as a trading style, but are only using the word "Bajaj" as a trade mark or a sign and such user is not permissible. It is required to be stated at this juncture that Mr. Cooper did not dispute that the plaintiffs have acquired large reputation by user of the word "Bajaj" in respect of sale of their goods, but contended that the surname of the partners of the defendants being "Bajaj", there is no objection for the defendants' using the word by that trade sign. The reliance in this connection by Mr. Tulzapurkar on the decision of House of Lords in the case of Parker - Knoll Limited v. Knoll International Limited reported in 1962 R.P.C.265 is very appropriate. Lord Morris, while opening the speech, observed :

"In the interests of fair trading and in the interests of all who may wish to buy or to sell goods the law recognises that certain limitations upon freedom of action are necessary and desirable. In some situations the law has had to resolve what might at first appear to be conflicts between competing right. In solving the problems which have arisen there has been no need to resort to any abstruse principles but rather, I think, to the straightforward principle that trading must not

only be honest but must not even unintentionally be unfair."

It was further observed :

"A name may be used as a mark under which a person's goods are sold so that the name comes to denote goods made by that person and not the goods made by anyone else or even made by anyone else who has the same name. So also a mark under which a person's goods are sold may come to denote goods made by that person. The name or the mark will have acquired a secondary meaning."

*The sequitur of this finding was that someone may, even by using his own name and using it innocently, make a representation that is untrue, that is a representation that goods which in fact are his are the goods of someone else. Lord Morris thereafter referred to the celebrated passage from the judgment of Justice Romer in the case of *Joseph Rodgers & Sons, Limited v. W. N. Rodgers & Company* reported in (1924) 41 R. P. C. 277. The passage at p. 291 reads as under : -*

"It is the law of this land that no man is entitled to carry on his business in such a way as to represent that it is the business of another, or is in any way connected with the business of

another; that is the first proposition. The second proposition is that no man is entitled so to describe or mark his goods as to represent that the goods are the goods of another. To the first proposition there is, I myself think an exception: a man, in my opinion, is entitled to carry on his business in his own name so long as he does not do anything more than to cause confusion with the business of another, and so long as he does it honestly. To the second rule, to which I have referred, I think there is no exception at all; that is that a man is not entitled so to describe his goods as to lead to the belief that they are the goods of somebody else."

The House of Lords then noted the distinction drawn by Justice Romer between trading under a name and passing off of goods by the use of a name. The distinction noticed by Justice Romer was subsequently accepted as correct by Viscount Simonds and in several other decisions. Relying on this decision, Mr. Tulzapurkar urged, and in our judgment with considerable merit, that the defendants are not carrying on their trade in the name of "Bajaj", but are using the mark as a trading sign and that is not permissible. Mr. Cooper controverted the submission by relying upon the dissent voiced by Lord Denning and Lord Devlin in their speeches. It is undoubtedly true that these

*judges were not inclined to accept the distinction noticed by Mr. Justice Romer, but even then have clearly stated that if the use by the defendants of their own name was likely to deceive, then there would have been no defence to the action of passing off, no matter how honest and bona fide the user was. The decision of the majority of the House of Lords is good law in England for last over 25 years and no case has been brought to our attention where the accuracy of the principles laid down has been doubted. We see no reason at this interim stage to accept the submission of Mr. Cooper that the minority view should be preferred to that of the majority and the distinction noticed by the House of Lords should be ignored. Mr. Cooper invited our attention to a decision in the case of *Turton v. Turton* reported in (1889) 42 Ch. D 128, and to the decision in the case of *S. Chivers & Sons v. S. Chivers & Co. Ltd.* reported in (1900) 17 R.P.C. 420. The decision in the case of *Turton* was considered by the House of Lords in the case of *Parker-Knoll Limited*, and the observations in case of *Chivers* were based on peculiar facts of that case, and, in our judgment, it is not possible to bypass the decision of the House of Lords by reference to these cases.”*

(iv) 2007(35) PTC 548 (Karn) [Adiga's Abhiruchi and Ors. v. Adiga's Fast Food], (paragraphs No.12 and 13) which read as follows:-

"12. The next question that requires consideration is with regard to the contention put forth by the Defendant that since the said business is a business of the community to which the Defendant belong and since the community has the common as ADIGA, the same cannot be prevented more particularly in view of the provisions contained in Section 35 of the Act. At the outset with regard to the common name being shared by the members of the community, the said issue came up for consideration in the case of D.R.Reddy and in the case of Bajaj Electricals Ltd. cited supra. In the first case, the Delhi High Court has held, the contention that such a name had been adapted since the name of the Managing Director of the Defendant/Company was Mr.Reddy cannot be accepted since the same would lead to confusion and deception and therefore the Defendant was restrained from adapting the trade name REDDY. Further in the case of Bajaj Electricals also, the High Court of Bombay was of the view that the contention of the defendant that the Surname of the Defendant being Bajaj, the Defendants are entitled to use their own name is to be

rejected. That being so, the contention of the Defendant that the name AIDGA being the community name, the same could be used and therefore N.K.ADIGA has been used cannot be accepted since the same would infringe the trade mark of the Plaintiff. Further with regard to the contention that Section 35 of the Act would not entitle the proprietor or a registered user of a registered trade name to interfere with any bona fide use by a person of his own name or that of his place or business would not come to the assistance of the Defendant not only in view of the above stated decisions but the question in the present case would be as to whether the use of N.K. ADIGA ABHIRUCHI has been done in a bona fide manner. In this regard, the Photographs produced before the Court below would indicate that at the first instance the Defendant had notified by displaying the banner as ADIGA'S ABHIRUCHI would be opening shortly. The said name is a direct infringement of the trade name of the Plaintiff which is a registered one. It is only after legal notice was issued by the Plaintiff, the Defendant had changed the name as N.K.AGIGA ABHIRUCHI and that too N.K. has been displayed insignificantly, which would clearly indicate that it has been changed only to pre-empt and overcome the protest of the Plaintiff. As such the Plaintiff cannot take

shelter under the said provision. Even otherwise the Act provides for rectification and correction of the register vide chapter VII of the Act and as such if the Defendant is aggrieved by the registration of the trade mark by registering the name of the community, it would be open to the Defendant to take recourse to the remedy contemplated therein and cannot make use of the provision for infringing a trade mark which is registered.

13. Having considered these aspects of the matter and having come to the conclusion that there is a triable issue and a prima facie case has been made out by the Plaintiff with regard to infringement of the trade mark of the Plaintiff the next question that would arise is as to whether in the present facts and circumstances of the case, the tripod test should be followed by the Court below before granting the injunction. It is in this regard both the learned Counsel have relied upon the decision of this Court in the case of *M/s. S.M.K.A. Enterprises v. M/s. Suchita Industries* MFA 4424/07 to contend that from the view point of the Plaintiff nothing more is required to be considered and from the view point of the Defendant that other two issues relating to balance of convenience and irreparable loss also would have to be considered by the Court

below which has not been done in the present case. A careful perusal of the cited order passed by this Court has provided instances wherein the said test is required to be followed and in cases where it is not required. This Court had come to the conclusion that when the case put forth by the Plaintiff is of infringement of a deceptively similar trade mark keeping in view the success rate of the Plaintiff, the other questions also require consideration. While advertent on the matter further this Court had taken certain instances with regard to the nature in which such consideration is required and after considering the decision of the Hon'ble Supreme Court in the case of Midas Hygiene Industries (P) Ltd. v. Sudhir Bhatia MANU/SC/0186/2004 : (2004) 3 SCC 90 in the Laxman Rekha and Magic Laxman Rekha had come to the conclusion that insofar as certain services provided if the trade name infringes another trade name even with a prefix or a suffix, the same would amount to infringement and no other consideration is required since the protection provided under the Act by way of injunction in rem would only get formalized by way of injunction in personam. It is with regard to certain packaging products this Court was of the view that a further consideration may be necessary in the facts of each case if the original name and deceptively similar name

appear phonetically or visually similar. If this decision is kept in view to consider the present facts and circumstances of the case, both the Plaintiff as well as the Defendants are in the business of catering and preparing vegetarian food articles and as such if the Defendant runs such another outlet indicating the very same name of the Plaintiff merely by prefixing or suffixing certain other name which is similar to the trade mark of the Plaintiff, the question of balance of convenience and irreparable loss would not arise since a common customer would believe that the same is a sister concern or another outlet of the original outlet viz., one being run by the Plaintiff.”

11. In sum and substance, the learned Senior Counsel for the plaintiff submitted that this is a case in which the family members, who were partners of Cothas Coffee Co, immediately after their retirement from the Partnership have incorporated defendant Company on 25.7.2014 through their spouses and committed infringement of Trade Mark and also passed off their goods as manufactured by the plaintiff. Accordingly, he

prayed for dismissal of this appeal and to allow cross objections.

12. I have given my careful consideration to the submissions made by learned Senior Counsel for both the parties and perused material papers.

13. The Trial Court has framed following points for its consideration:-

- (1) *Whether the plaintiff has made out a prima facie case for continuation of ad-interim temporary injunction granted on IA.1 on 30.4.2015 and extended from time to time?*
- (2) *Whether the plaintiff has made out a prima facie case for grant of temporary injunction as prayed in IA.2?*
- (3) *In whose favour balance of convenience lies?*
- (4) *Whether the defendant has made out a ground to vacate the order of ad-interim injunction as prayed in IA.3?*

- (5) *Whether the plaintiff will be put to irreparable loss and hardship if an order of an-interim injunction is vacated and not continued and granted as prayed in IA.1 & 2?*

Answering Point No.1 partly in affirmative, Point No.2 in the affirmative, Point No.3 in favour of plaintiff, Point No.4 in the negative and Point No.5 in the affirmative, the Trial Court has allowed IAs No.I and II under Order XXXIX Rules 1 and 2 CPC and rejected IA No.III filed under Order XXXIX Rule 4 CPC.

14. In the premise, based on the pleadings and submissions of the learned Senior Counsel for the parties, the following points arise for consideration of this Court:-

- (i) *Whether the plaintiff has made out a prima facie case entitling itself for a temporary injunction pending disposal of the suit?*
- (ii) *Whether the impugned order requires any interference?*

15. Re.Point No.(i):

Gravamen of plaintiff's case is that the defendant – Company is incorporated by two ladies, who were admittedly respective spouses of former partners of 'Cothas Coffee Co.' This appeal is against an order granting interim protection pending trial. Therefore, what needs to be examined at this stage is whether the plaintiff has made out *prima facie* case to entitle itself for interim protection.

16. It is indisputable that Directors of the defendant – Company are none other than respective spouses of retiring Partners of the family business firm run in the name and style of "Cothas Coffee Co". The Deed of Retirement is executed on 23.12.2013. There was an embargo placed against the retiring partners from engaging in any activities similar to the one carried on by the said firm for a period of three years. Defendant-Company is admittedly incorporated on 25.7.2014 which

is about 8 months from the date of execution of deed of retirement.

17. Plaintiff firm, 'Cothas Coffee Co.' is continued by two other partners namely, C.K. Sreenathan and his son C.S. Nitin. The recitals contained in the deed disclose that the partnership firm was carrying on the business of manufacture and sale of Coffee Seeds, Coffee Powder, Blended Coffee Powder, Chicory and allied products. The retiring partners, Cothas K. Prakas and C.P. Chandan were paid Rs.11,74,25,000/- and Rs.59,90,000/- respectively in full and final settlement of their respective claims, which included all claims against immovable and movable properties, leasehold rights, possessory rights, receivables, claims, credits, goodwill, trade mark, patents and product names etc. The continuing partners were exclusively entitled to immovable and movable properties of the Partnership Firm including lease hold rights, possessory rights, receivables, claims, credits, goodwill, trade mark, patents, product names and all profits and

benefits flowing there from. They were also solely responsible for the past and future liabilities and losses, if any.

18. Clause 14 of the Retirement Deed reads as follows:-

“14. The Retiring Partners shall not engage, for a period of 3 years from the Retirement Date, in any activity which is similar to the activities carried on by the Partnership as on this date, either directly or indirectly in any capacity including as a Proprietor, Partner, Share Holder, Director, Managing Director, employee, consultant or agent. However this restriction is not applicable to the manufacture and sale of Roasted Coffee Seed/beans, which forms part of the Business of the Partnership thereby the Retiring Partners are free to engage themselves in any capacity in the business of manufacture and sale of Roasted Coffee Seeds/beans.”

(emphasis supplied)

19. Infringement of trade mark, violation of copyright and misuse of any intellectual property fall under the same species. Statutes governing trade mark, copyright etc., have been enacted to protect its owners and actual users. An individual or group of persons or a company strive hard for several years and perhaps even decades in inventing or developing a product or building a reputation in the market by selling its product under a particular brand name which shall have a distinct characteristic by which it is identified. By sustained endeavour and hard work, the inventor or developer of a product establishes his reputation and earns goodwill in the market. Co-employees, agnates or cognates in a family business, employees in a corporate sector or laboratories may be tempted to branch out and to establish their own entities independently. Sometimes, even a stranger while setting up his own business may attempt to copy a product developed or marketed by an established or reputed company and use it as a spring board to make quick returns. All such actions, which

surface either within the family or organization or by a stranger will have an adverse impact on the market share of an established and reputed business entity. 'Infringement' and 'passing off' are two major maladies and constant threats to well established business entities.

20. It was strenuously argued by Sri Aditya Sondhi to make out a point that defendant is a private limited company and it is an independent entity by itself. He sought to seek protection under Section 35 of the Act by contending the word 'Cotha' & 'Giri' form a combination of two words by using the family name 'Cotha' and a portion of the name of one of the Directors 'Girija Chandan'. It was further contended that the word 'Giri' also means a 'mountain'/'hill', where Coffee is grown. His next endeavour was to postulate that the words 'Cothas Coffee' and 'Cothagiri' cannot be slurred over in pronunciation as they are distinctly dis-similar.

21. Whatever be the explanation and justification on behalf of the defendant, it is indelible on record that prior to 25.7.2014 defendant-company was not in existence. On facts, it is not in dispute that the plaintiff has been producing and marketing its product as 'Cothas Coffee' for several years. The defendant-Company is floated by the two ladies, whose respective spouses are retired partners of 'Cothas Coffee Co.' The retiring partners have covenanted not to indulge in a business similar to the 'Cothas Coffee Co.' either 'directly' or 'indirectly'. They have expressly given up the trade mark. In these circumstances, they cannot be heard to contend that defendant is an independent entity created under the Companies Act and enjoys an independent right to indulge in business similar to that of plaintiff oblivious of the covenants executed by the retiring partners of plaintiff-firm.

22. Further, the packaging material is designed in similar and deceptive manner, wherein the word 'Cotha' or

'Cothas' alone is found in the first line in both packages. Thus, a critical analysis of the facts of this case leads to an irresistible inference that the retiring partners of 'Cothas Coffee Co.' have made an attempt to circumvent clause 14 of the Retirement Deed, which placed an embargo on them from indulging in similar activities through defendant - Company promoted by their respective spouses.

23. This appeal is against an order of temporary injunction passed on an I.A. filed under Order XXXIX Rules 1 and 2 CPC. The Trial Court has recorded following findings while passing the impugned order.

- ◆ that the Directors of defendant - Company are family members of ex - partners of plaintiff - firm. They were acquainted with the trademark 'Cothas Coffee'.
- ◆ Examination of trademarks 'Cothas Coffee' and 'Cotha giri' shows that both are phonetically and visually similar.

24. Having perused the pleadings and re-examining the material on record, it is reasonable to presume that the defendants did have full knowledge of the trademark of plaintiff and its reputation in the market and yet, attempted to sell their product with similar name and style.

25. Further, it is settled that a Court of appeal should be slow in interfering with the discretionary orders passed by the Trial Court, even if, a contrary view is possible by an appellate Court. On this point, I may respectfully recall the following passage from the judgment in the case of *Wander Ltd. and another v. Antox India P. Ltd.* reported in 1990 (Supp) SCC 727:

“14. The appeals before the Division Bench were against the exercise of discretion by the Single Judge. In such appeals, the appellate court will not interfere with the exercise of discretion of the court of first instance and substitute its own discretion except where the discretion has been shown to have been exercised arbitrarily, or capriciously or perversely

or where the court had ignored the settled principles of law regulating grant or refusal of interlocutory injunctions. An appeal against exercise of discretion is said to be an appeal on principle. The appellate court will not reassess the material and seek to reach a conclusion different from the one reached by the court below if the one reached by that court was reasonably possible on the material. The appellate court would normally not be justified in interfering with the exercise of discretion under appeal solely on the ground that if it had considered the matter at the trial stage it would have come to a contrary conclusion.

(emphasis supplied)

26. In view of above discussion, it can be unhesitatingly held that the plaintiff have made out a prima facie case and preeminently deserved interim protection by way of temporary injunction pending trial.

Hence point No: 1 is answered in favour of plaintiff.

27. **Re-Point No.2:**

Answer to point No: 1 being in the affirmative, the impugned order does not require any interference except with a finding on compliance of Order XXXIX Rule 3 CPC which is subject matter of cross objection.

28. **Re-MFA.CROB.64/2016:**

Plaintiff has filed this cross objection with a prayer to set aside a finding recorded by the Trial Court that the provisions of Order XXXIX Rule 3(a) CPC were not complied by the plaintiff.

29. Temporary injunction was granted on 30.4.2015. Plaintiff took steps to comply with the provisions of Order XXXIX Rule 3(a) CPC. The postal cover was returned unserved.

30. It was argued by Sri. Sreevatsa, learned Senior Counsel for plaintiff that cover was sent to the address obtained from Trademark Registry where the

defendant has given its address as No.514/1, 80 feet road, I Block, Koramangala, Bangalore – 560 034. Therefore, plaintiff, unsuspectingly believed that the said address is correct and mentioned the same in the cause – title. It was further argued that the defendant did not raise any objections with regard to the address in the written statement. Learned Senior Counsel further argued that the Trial Court by the impugned order has made the ad-interim order absolute. Hence, the finding recorded in paragraph No.18 of the impugned order with regard to non compliance of Order XXXIX Rule 3(a) CPC is bad in law.

31. It is to be noted that firstly, it is not in dispute that the address mentioned in the cause title is the one given by the defendant before the Trademark Registry. Secondly, the Trial Court on consideration of the entire material on record has made the ad-interim order absolute. Therefore, the finding recorded by the

Trial Court with regard to non compliance of Order XXXIX Rule 3(a) CPC is antithesis of re-affirmative of ad-interim order. Consequently, it is rendered otiose.

32. In the light of above discussion, defendant's appeal fails and the cross objection merits consideration. Resultantly, I pass the following:-

ORDER

- (i) MFA.No.2170/2016 is ***dismissed***;
- (ii) MFA.CROB.No.64/2016 is ***allowed***; and the finding recorded by the Trial Court in paragraph No.18 that 'it is well founded that the plaintiff has (*sic*) not taken care to comply the provisions of order 39 rule 3(a) CPC.' is set aside.

No costs.

**Sd/-
JUDGE**

cp*