

MANU/DE/0276/2004

Equivalent Citation: 2004(28)PTC404(Del)**IN THE HIGH COURT OF DELHI**

IA No. 2533/2003 in Suit No. 507/2003

Decided On: 26.03.2004

Appellants: **Bharat Hotels Limited**
Vs.Respondent: **Unison Hotels Limited****Hon'ble Judges/Coram:**

O.P. Dwivedi, J.

Counsel:

For Appellant/Petitioner/plaintiff: Kapil Sibal and Neeraj K. Kaul, Sr. Advs. and Pratibha M. Singh, Adv

For Respondents/Defendant: A.M. Singhvi, Sr. Adv., Ranjit Prakash and Rajesh Gupta, Advs.

Subject: Intellectual Property Rights**Subject: Civil****Acts/Rules/Orders:**

Code of Civil Procedure, 1908 (CPC) - Order 39 Rules 1, Code of Civil Procedure, 1908 (CPC) - Order 39 Rules 2

Cases Referred:

WH Allen and Co. v. Brown Watson Limited, 1965 RPC 191; J.M. Nichols (Vinto Limited) v. Rose Thistle, AIR 1994 Calcutta 43; Mahendra and Mahendra Paper Mills Ltd. v. Mahindra and Mahindra Limited, 2002 (24) PTC 121 (SC); Indian Shaving Products Ltd. and Anr. v. Gift Pack and Anr., 1988 PTC (18); A.C. Krishnan v. Nambisan's Dairy Pvt. Ltd., 1997 PTC (17); Info Edge (India) Pvt. Ltd. and Anr. v. Sailesh Gupta and Anr., 2002 (24) PTC 355 (Del.); Laxmikant V. Patel v. Chetanbhai Shah and Anr., (2002) 3 SCC 65; The Berkeley Hotel Company Limited v. Berkeley International (Mayfair) Limited and Anr., 1971 FSR Chancery Division 300; Office Cleaning Services Ltd. v. Westminster Window and General Cleaners Ltd., (1946) 63 RPC 39; Girnar Foods (I) Ltd. v. Godfrey Phillips India Ltd., 2001 PTC 360 Delhi

Disposition:

Application dismissed

Citing Reference:

Discussed		3
Mentioned		7

Case Note:

Intellectual Property Rights – trade mark – Order 39 Rules 1 and 2 of Code of Civil Procedure, 1908 – plaintiff seeking interim injunction restraining defendant from using mark “THE GRANDTGRAND” similar to plaintiff’s mark “THE GRAND/THE GRAND GROUP/GRAND” – evidence show that plaintiff not first user of word “GRAND” in connection with their hotel business – no deliberate misrepresentation made by defendant in adopting word “GRAND” simplicities as their hotel name – no valid ground for grant of ad interim injunction – application liable to be dismissed.

JUDGMENT**O.P. Dwivedi, J.**

1. By this order, I propose to dispose of is No. 2533/2003 filed by the plaintiff in Suit No. 507/2003, under Order 39 Rules 1 & 2 CPC seeking interim injunction to restrain the defendant from using the mark "THE GRANDTGRAND" or any other mark or name which is similar to the plaintiff's mark/name THE GRAND/THE

manupatra GRAND GROUP/GRAND, in relation to any hotel, resort or any business allied and cognate with the plaintiff's hotel and lousiness, thereby resulting in passing off.

2. This passing off action has been launched by the plaintiff against the defendant. Both parties are in hotel business. According to the averments in the plaint, the plaintiff company is one of the leading companies engaged in the business of owning, operating, managing and running of hotels all over India. The plaintiff company is engaged in the said business since the year 1988. The plaintiff company, since inception has been well known for its luxury hotels which are located in almost all the major cities in India. The plaintiff company is Bharat Hotels Limited but it has adopted the mark/name the "THE GRAND" and "GRAND" as its trade mark, trade name, service mark, house name and group name. The said words 'GRAND' and 'THE GRAND' in conjunction with other words have been used by the plaintiff in relation to all their hotels in India. The following is the list of the hotels run by the plaintiff company along with the dates of the establishment of the same:-

1. The Grand Palace, Srinagar 1.4.1998
2. Grand Intercontinental, New Delhi 12.10.2001
3. Grand Ashok, Bangalore 29.11.2001
4. Grand Laxmi Vilas Palace, Udaipur 26.2.2002
5. The Grand Temple View Khajuraho 7.8.2002
6. Grand Inter-continental, Mumbai To open April, 2003 but being published Since 1998.
7. Goa Grand Inter-continental Resort To open April, 2003 but being published Since 1998

3. The word 'GRAND' is a prominent, essential and inalienable part of the names of each of the hotels of the plaintiff. The plaintiff has used the said word irrespective of the tie-ups which it may have with the various hotels running companies. The word 'GRAND' is used in association with other words which reflect the uniformity and the consistency in the plaintiff's identification of its hotels by the word 'GRAND'. Extensive publicity has been given by the plaintiff in various newspapers, magazines, travel and tourism news journals. The hotels run by the plaintiff are considered to be the leading hotels in the place where they are located. plaintiff has also been successful in bidding for Government-owned hotels since 2003 under the Disinvestment Scheme of the Government of India for ITDC and has acquired three ITDC hotels in three major cities viz. Bangalore, Udaipur and Khajuraho. The uniform feature of all the hotels is the use of the word GRAND as an essential and prominent part of the name of the hotel. The plaintiff has an impression list of clientele which ranges from various airlines, insurance companies, banking and financial companies, automobiles, multi nationals etc. who are the regular corporate customers of the plaintiff hotels all over the country apart from leisure traveling both domestic and international. A mere glance at the list of hotels clearly establishes the enormous goodwill and reputation which the plaintiff enjoys. The plaintiff also has tie-ups with the internationally known chain of hotels owned by Intercontinental Hotel Corporation now owned by Six Continents which run hotels under the brand names Intercontinental, Holiday Inn and Holiday Grand Plaza. The tie-up has been arrived at for running the plaintiff's hotels at Srinagar, Delhi, Goa and Mumbai. In the agreement between the plaintiff and the Six Continents group it is clearly shown that the hotels of the plaintiff in India which would be run in collaboration with Intercontinental would bear the word THE GRAND as an essential part of the name of the hotel, GRAND being the brand identity of the plaintiff's goods. This establishes that the identification of the word GRAND with the plaintiff is not only restricted to India but due to tie-ups with foreign chains, has also spread abroad. Copies of the management and operating agreements with Intercontinental have been filed with the plaint.

4. According to the plaintiff the word GRAND is a prominent, inalienable, important and essential part of the trading name of all the hotels of the plaintiff. The word GRAND in relation to the name of hotel immediately connotes and denotes the plaintiff. Thus plaintiff claims that the words 'GRAND'/THE GRAND' have acquired distinctiveness and a secondary meaning in relation to the plaintiff except as part of established name like GRAND OBEROI where it is used to signify a luxury hotel of a well known chain. The plaintiff has applied for registration of the trade mark 'THE GRAND' in the year 1998 under classes 29, 30, 31, 32, 33, 34 of the Fourth Schedule of the Trade Mark Act and these applications are still pending. plaintiff contends that the use of the word THE GRAND/GRAND either as a group name or hotel name in relation to any hotel/resort would immediately lead one to believe that the said hotel is also a part of the plaintiff's chain of hotels. Such use would constitute passing off inasmuch as there are seven hotels of the plaintiff's which use the name THE GRAND and any other hotel which uses the words "THE GRAND" or "GRAND" simplicities would be considered as another addition in the plaintiff's chain. Further, the use of the said words would result in unfair competition and dilution of the plaintiff's brand equity in the words 'Grand' or THE GRAND'. According to the plaintiff's, they own all the statutory and common law rights in the words 'THE GRAND'/THE GRAND GROUP'/GRAND' and, Therefore, they are entitled to protect their brand name in order to safeguard their rights.

5. It is alleged that recently, it came to the knowledge of the plaintiff that the defendant's hotel which was earlier known and run as the GRAND HYATT has now recently changed its name to 'THE GRAND'. The plaintiff came to know this from a press clipping which appeared in the Times of India dated 23.1.2003. The plaintiff received a number of inquiries from various people who remained confused. plaintiff, thereupon, served a legal notice upon the defendant calling upon them to stop the use of the word 'GRAND' for the name

manupatra of its hotel but of no avail. plaintiff's grievance is that the defendant's change of name from the Grand Hyatt to THE GRAND shifts the emphasis from the word HYATT to the word GRAND and the user of the word 'GRAND' in isolation is likely to result in confusion and deception and is further likely to cause enormous damage to the brand equity of the plaintiff. This action of the defendant amounts to passing off, dilution and unfair competition. plaintiff has, Therefore, filed this suit for permanent injunction restraining passing off, dilution unfair competition, besides decree for damages, delivery of offending articles, rendition of accounts etc. Along with the suit the plaintiff has filed this application being is No. 2533/2003 seeking interim injunction in similar terms.

6. Defendant has contested the suit. On facts they have disputed plaintiff's claim of being prior user of the trade mark GRAND or its acquisition of any distinctiveness or secondary significance in relation to plaintiff's. On the contrary defendant's case is that they had adopted the word GRAND earlier than plaintiff. According to them, defendant started marketing, publishing its trade name GRAND as early as in 1994. Relevant promotional material including various pamphlets and brochures in support thereof, have been annexed. (Annexure 1 (Colly) Page 27-94 of 2nd Part file). Brand name GRAND HYATT was extensively advertised by way of several articles in national as well as international newspapers/periodicals/magazines and other circulars since 1991 itself (Annexure-2 Pages 95-409 of 2nd Part file). Defendant obtained approvals/permission/licenses/permits etc. from various departments for the purpose of running hotel 'GRAND HYATT' during the period 1994-2001 (Annexure 3 Page 410-411). Further defendant entered into a Technical Assistance Agreement dated 23rd of August 1995 with Hotel Projects Systems Ltd. which is a Singaporean company and Hyatt International Corporation (Annexure-18 Page 476-498)- to run and operate its hotel under the name of 'GRAND HYATT'. Defendant also executed a Sales and Marketing Agreement dated 23rd August 1995 (Annexure-19) which provided that during the operating terms hotel will at all times be known and designated as 'Grand Hyatt Delhi'. Over a period of time the defendant earned patronage of impressive list of customers (Annexure 21 Page 562-600). On the other hand, as per averments contained in the plaint, the plaintiff's have adopted the name GRAND only in the year 1998. It is, thus, contended that plaintiff's claim of being prior user of GRAND is untenable. It is next contended by the defendant that GRAND is a descriptive and laudatory word having the dictionary meaning splendid, magnificent, highest rank, excellent, belonging to high society. It is laudatory of articles, services offered, and Therefore no monopoly can be claimed by any party. Besides, the word GRAND is commonly used in the hotel industry. There are various hotels in India and abroad using the word GRAND in relation to their hotel business (Annexure 21 Page 562-600) bears testimony to this fact. This further shows that the plaintiff is neither first person to use GRAND in relation to the hotel business nor they are prior user thereof. Refuting allegation of possibility of confusion and deception, the defendant have pleaded that plaintiff has been known by its association to international brand name like 'Hilton intercontinental'. plaintiff's hotel now called GRAND intercontinental was originally named 'Holiday Inn Crown Plaza' in October 1988 which was subsequently changed to 'Holiday Inn Connaught Plaza' in April 1990 and then to 'New Delhi Hilton' in November 1997 and then to 'Intercontinental' some where in 2001. In the pamphlets and other publicity material used by the plaintiff the word 'INTERCONTINENTAL' is prominently displayed in big letters whereas the incidental prefix 'GRAND' has been mentioned in small and inconspicuous letters. Thus, according to the defendant the distinguishing feature of the plaintiff's hotel name is 'INTERCONTINENTAL' and not 'GRAND' and as such considering the class of people who use such hotels, there is no probability of confusion. The plaintiff has applied for registration for the word GRAND only in respect of certain specific classes of products under Clause 29, 30, 31, 32, 33, 34 such as meat, fish, poultry and game, fruits, vegetables, coffee, tea, sugar, biscuit etc. which do not cover hotel 'services'. Defendant has categorically, denied that word 'GRAND' and 'THE GRAND' are associated in hotel industry in relation to the plaintiff. It is the contention of the defendant that plaintiff does not run any hotel exclusively under the name and style of 'GRAND' or THE GRAND' nor these words are prominent, dominant feature of the name of the plaintiff's hotels. So the question of plaintiff having acquired any distinctiveness or secondary meaning in the word GRAND does not arise. It is contended that plaintiff himself has started using the word GRAND in its hotel name on the pattern of other hotels in India and abroad. So the question of confusion does not arise nor the use of the word THE GRAND by the defendant for their hotel business would amount to passing off or unfair competition.

7. As regards the change of hotel name from GRAND HYATT to the GRAND in November 2002 the defendants' plea is that this change was made in good faith and this was necessitated due to the fact that the agreement between Hyatt and the defendant has come to an end. Word Hyatt, Therefore, had to be dropped. According to the defendant, they continue to run their hotel under the name and style of 'THE GRAND' which was a part and parcel of their earlier name. It is thus considered that the plaintiff is not entitled to any relief.

8. In replication, the plaintiff has re-asserted the correctness of the averments made in the plaint and controverted those of the defendant. plaintiff has laid great emphasis on the fact that use of the mark GRAND HYATT by the defendant since 1995 is altogether different from the use of the word GRAND simpliciter. According to the plaintiff in the mark GRAND HYATT the trade name is HYATT and the word GRAND is only laudatory prefix but when GRAND simpliciter is used as trade name the emphasis shifts from HYATT to the word GRAND itself. The word HYATT was the distinctive feature in the earlier name and deletion thereof by adopting the word "THE GRAND' simpliciter opens up enormous possibilities of confusion because word GRAND is also prominent part of the plaintiff's chain of hotels.

9.1 have heard learned counsel for parties and perused the record.

"The gist of the concept of passing off is that the goods are in effect telling a falsehood about themselves, are saying something about themselves which is calculated to mislead. The law on this matter is designed to protect traders against that form of unfair competition which consists in acquiring for oneself, by means of false or misleading devices, the benefit of the reputation already achieved by rival traders.

11. Thus, in an action for passing off, questions to be considered are as follows:-

1. Whether the goods of the plaintiff have acquired distinctiveness with any name or mark and are associated in the minds of the general public as those of plaintiff.
2. Whether the plaintiff is prior user of the mark in point of time.
3. Whether there is misrepresentation by the defendant with regard to his goods and such misrepresentation is likely to lead to confusion in the minds of the people as a result whereof they may treat the goods of the defendant as those of the plaintiff.

12. Having considered the respective submissions of learned counsel for the parties in the light of the material on record, I am of the view that plaintiff has failed to make out prima facie case on all the three counts. plaintiff's own case is that they started using the word GRAND in conjunction with other words in relation to their hotels for the first time in the year 1998. This is evident from the list of their hotels and the adoption of the GRAND in relation thereto as given in para 3 of the plaint. As against this the defendant has placed voluminous material on record in the form of various pamphlets and brochures (Annexure-1 Page 27-94) and other promotional material in the form of articles published in national and international newspapers, periodicals magazines (Annexure 2 Page 95-409) of the 2nd part of the paper book) which shows that the defendant had adopted 'GRAND HYATT in relation to their proposed hotel since the year 1994-95. They have also obtained requisite permissions/approvals from the various authorities during the period from 1994-2001 in the name of GRAND HYATT. These are (Annexures 3 to 18 at page 410-475). Hotel GRAND HYATT was commissioned in the year 2000. Through wide publicity the defendant had already acquired good will for the hotel GRAND HYATT even before the plaintiff adopted the word GRAND in relation to their hotels in the year 1998. In a case reported in 1981 Fleet Street vol. 7 page 228 injunction was granted to protect the good will acquired through publicity although the product had not yet been launched. In *WH Alien and Co. v. Brown Watson Limited* 1965 RPC 191, title of unpublished book was held to become distinctive of the book so that it could be protected against publication of a rival book under the same name. By advertising one gains reputation and good will with regard to goods intended to be manufactured and sold in the market. In the case of *J.M, Nichols (Vinto Limited) v. Rose Thistle*, MANU/WB/0005/1994 : AIR1994Cal43 . It was observed that use of the mark does not postulate actual sale of the goods bearing such marks. 'Use' can be in any form and does not necessarily mean actual physical sale. Even mere advertising without the existence of goods can be said to be the use of the mark provided it is really intended to be used. Moreover in para 13 of the plaint, plaintiff themselves have pleaded that the word GRAND has acquired distinctiveness and secondary meaning in relation to the plaintiff save and except as part of established name like GRAND OBBROI. This means GRAND OBEROI was already in existence. The plaintiff is not the first to use the GRAND in relation to its hotels. Learned counsel for the petitioners cited various decisions viz. *Mahendra and Mahendra Paper Mills Ltd. v. Mahindra and Mahindra Limited* 2002 (24) PTC 121 (SC); *Indian Shaving Products Ltd. and Anr. v. Gift Pack and Anr.* 1988 PTC (18); *A.C. Krishnan v. Nambisan's Dairy Pvt. Ltd.* 1997 PTC (17) (DB); *Info Edge (India) Pvt. Ltd. and Anr. v. Sailesh Gupta and Anr.* 2002 (24) PTC 355 (Del.); *Laxmikant V. Patel v. Chetanbhai Shah and Anr.*, MANU/SC/0763/2001 : AIR2002SC275 ; *The Berkeley Hotel Company Limited v. Berkeley International (Mayfair) Limited and Anr.* 1971 FSR 300 and several other decisions in support of their contention that the descriptive words used as trade mark/name can be protected if they are shown to have acquired distinctiveness and secondary meaning in relation to the plaintiff.

13. In all these cases the plaintiff's user of their respective trade name and mark was found to be of much prior duration than that of defendant and in view of enormous good will earned by the plaintiff in respect of their business because of long user and publicity, plaintiff's were held to be entitled to protect their mark because of their having acquired a distinctiveness and secondary meaning as denoting the goods and services of the plaintiff. In the present case the essential element of 'prior user' by the plaintiff is missing. It, Therefore, cannot be said that 'GRAND' or 'THE GRAND' have acquired any distinctiveness or secondary meaning as denoting the goods/services of the plaintiff, does not arise.

14. The use of the word 'THE GRAND' simplicities by the defendant cannot be said to be misleading in the sense that an unwary customer may be led to believe that defendant's hotel is part of chain of hotels run by the plaintiff. As already observed, the word 'GRAND' cannot be said to have acquired any distinctiveness or secondary meaning in relation to the plaintiff. In fact, it is clear from the recapitulation of the pleadings as well as from the written and oral submissions made by Sh. Kapil Sibal & N.K. Kaul, Sr. Advocates on behalf of the plaintiff that plaintiff has no objection to the use of the word THE GRAND by the defendant in relation to their

manupatra hotels provided these words are used in conjunction with other words denoting its connection with the hotel owner viz. M/s. Unison Hotels Limited so that the customer do not mistake the defendant's hotel to be that of the plaintiff. plaintiff's own case is that in all their hotels the word GRAND is used in conjunction with other words e.g. THE GRAND palace, Srinagar, GRAND Intercontinental, GRAND Ashok, Banagalore, GRAND Laxmi Vilas Palace, Udaipur, the GRAND Temple View Khajuraho, GRAND Intercontinental, Mumbai and Goa Grand inter-Continental Resort. These hotel names do not indicate that they are owned by M/s. Bharat Hotels Limited. Therefore, plaintiff's insistence that the defendant should use the word GRAND in conjunction with other words e.g. M/s. GRAND Unison Hotels Limited so as to indicate the ownership of the defendant is totally misplaced. Rather defendant's use of the word 'THE GRAND' simplicities would itself be a distinctive feature because it is not prefixed or suffixed by any other word which is the common feature of all the plaintiff's hotel names. The customers/clients who patronize such 5 Star Hotels will fall in two categories (1) those who know the names of the hotels run by the plaintiff in different cities, and (2) Those who do not know the names of the plaintiff hotels but know only this much that plaintiff's hotels carry the word GRAND in conjunction with other words. Customers falling in category (1) are not going to be deceived by any imitation whatsoever because they are already sure about the identity of the hotels run by the plaintiff. In the case of customers/clients falling in category (2) also there is no probability of deception/confusion because defendant is not using the word GRAND in conjunction with other words which by itself distinguishes defendant's hotel name from that of plaintiff's.

15. Where a trader adopts dictionary words in common user for his trade name some risk of confusion will always be there. Such a trader cannot be allowed to monopolize common language words. In the case of Office Cleaning Services Ltd. v. Westminster Window and General Cleaners Ltd. (1946) 63 RPC 39, Lord Simonds observed as under:

"It comes in the end, I think, to no more than this, that where a trader adopts words in common use for his trade name, some risk of confusion is inevitable. But that risk must be run unless the first user is allowed unfairly to monopolise the words. The court will accept comparatively small differences as sufficient to avert confusion. A greater degree of discrimination may fairly be expected from the public where a trader name consists wholly or in part of words descriptive of the articles to be sold or the services to be rendered."

16. It was held that where names of two business concerns consists of descriptive words, a slight difference between the plaintiff's and defendant's title will, in the absence of the fraud, be sufficient distinction.

17. In the case of Girnar Foods (I) Ltd. v. Godfrey Phillips India Ltd. 2001 PTC 360 Delhi, where both parties were dealing in Tea and using the word 'Super Cup' along with other words in the trade mark, it was held that words like good, best, super fine etc. are incapable of being adopted and cannot acquire a secondary meaning which point only to the goods of the applicant. In that case DB of this Court accepted design, colour scheme of the two trade marks to be sufficient to distinguish one from the other. The injunction was declined. In the present case it is not the plaintiff's allegation that the design, colour scheme of the defendant mark is similar to that of plaintiff nor the material placed on record so indicates. As already observed the defendant's adoption of the word GRAND simplicities as their trading style is different from that of the plaintiff who always use the word GRAND in conjunction with some other words. This slight difference is sufficient to distinguish the plaintiff's hotel name from that of the defendant's hotel, considering the fact that clients/customers who patronize such hotels are well educated and well informed.

18. Besides, in the facts and circumstances of the present case it will be impossible to draw a conclusion/inference that in adopting the word GRAND simplicities since 2002 the defendant is motivated by the desire for misleading people by deliberately causing confusion in their minds. There is no question of any deliberate misrepresentation made by the defendant in adopting the word GRAND simplicities as their hotel name. As already noticed the defendant had been advertising for their purposed hotel ventures GRAND HYATT since 1995. It is only when their collaboration agreement with the company running HYATT Group of hotels failed that they opted to continue with the name GRAND. Moreover, the plaintiff themselves are not the first users of GRAND in their hotels names. The defendants have placed on record a list of hotels where the GRAND appears. List indicates that GRAND is a favorite epithet in the hotel industry and there are numerous hotels being run having GRAND as part of their trade name with prefixes or suffixes both in India and abroad. Moreover, according to the plaintiff's own averments contained in para 13 of the plaint GRAND OBEROI was already in existence before the plaintiff adopted 'GRAND' in their hotel names. This shows the plaintiff is certainly not the first user of the word GRAND in connection with their hotel business. Therefore, the question of word "GRAND" acquiring a secondary significance in relation to the plaintiff does not arise.

19. Having considered the respective submissions of learned counsel for the parties in the light of the material on record, I am of the considered view that no ground for grant of ad interim injunction prayed by the plaintiff is made out. In the result is No. 2533/2003 and is hereby dismissed. Suit No. 507/2003

List the matter before Regular Bench on 23rd April, 2004.

