

MANU/DE/1199/2000

Equivalent Citation: 86(2000)DLT181

IN THE HIGH COURT OF DELHI

I.A. Nos. 7665 and 8739/99 and Suit No. 1744 of 1999

Decided On: 19.05.2000

Appellants: **Om Prakash Gupta**
Vs.

Respondent: **Parveen Kumar and Anr.**

Hon'ble Judges/Coram:

J.B. Goel, J.

Counsels:

For Appellant/Petitioner/plaintiff: Rajiv Nayar, Sr. Adv. and Pratibha M. Singh, Adv

For Respondents/Defendant: Manmohan Singh, Arun K. Sinha and Rakesh Singh, Adv.

Subject: Civil

Subject: Intellectual Property Rights

Acts/Rules/Orders:

Code of Civil Procedure, 1908 (CPC) - Order 39 Rules 1, Code of Civil Procedure, 1908 (CPC) - Order 39 Rules 2, Code of Civil Procedure, 1908 (CPC) - Order 39 Rules 4; Trade and Merchandise Marks Act, 1958 - Section 9, Trade and Merchandise Marks Act, 1958 - Section 17, Trade and Merchandise Marks Act, 1958 - Section 28

Cases Referred:

Garden Perfume P. Ltd v. Anand Soaps & Detergents, 1994 (28) DRJ 112; Poison Ltd., v. Poison Dairy Ltd., 1996 (16) PTC 709; Chandra Shashi v. Anil Kumar Verma, JT 1994(7) SC 459; Indian Bank v. Satyam fibres (India) Pvt., JT 1996(7) SC 135; S.P. Chengalvaraya Naidu (dead) by L.Rs. v. Jagannath (dead) by L.Rs. and Ors., AIR 1994 SC 853; Wander Ltd. and Anr. v. Antox India P. Ltd., 1990 (Supp.) SCC 727; Registrar of Trade Marks v. Ashok Chandra Rakhit, AIR 1955 SC 558; Lakhpai Rai v. Dhanpat Rai, AIR 1974 Delhi 91; Godfrey Philips India Ltd. v. Girnar Food & Beverages Pvt. Ltd., 1997 PTC (17) 523, 69 (1997) DLT 8 (Delhi); Ruston and Hornby Ltd. v. Zamindara Engineering Co., AIR 1970 SC 1649; Avis International Ltd. v. Avi Footwear Industries and Anr., AIR 1991 Delhi 22, 46 (1992) DLT 625

Case Note:

a) In the instant case, it was found that the registration of a trade mark was subject to disclaimer under Sections 17, 29, 106 and 28 of the Trade and Merchandise Marks Act, 1958 – It was stated that the advantage as provided by the Act to the proprietor due to the registration of the trade mark could not be extended to the matter in the trade mark which he had disclaimed – It was stated that the disclaimed part or the matter was not within the protection of the statute

b) The case discussed the situation under which an intention to abandon the trade mark for a non-user could be inferred – It was held under Sections 21, 106 and 56 of the Trade and Merchandise Marks Act, 1958, the inference of intention depends upon the facts and circumstances of the case

c) In the instant case, the plaintiff was selling tobacco under the trade mark 'SURAJ CHHAP' since year 1973 till the year 1978 – It was found that the excise license got renewed up to 1982, but, the business was resumed by the plaintiff in the year 1999 – Meanwhile, it was found that the defendant had started using the trade mark in 1993 – A suit was filed by the plaintiff after the four years – The reason he explained for not using the impugned trade was the death of his partner – It was stated that such Explanation could not be considered as valid – On the basis of the aforesaid facts and circumstances, it was adjudged that under Sections 106, 28, 29 and 21 of the Trade and Merchandise Marks Act, 1958, the conditions showed the abandonment of the trade mark by the plaintiff apart from acquiescence – Hence, the injunction was granted

d) It was found that in order to obtain the ex parte injunction, the trade mark register was the subject to disclaimer – It was observed that the disclaimer was not mentioned in the plaint – The said non disclosure, concerned the Court whether the trade mark was a registered one or not – It was stated that the document that was not intended to be used in the legal proceedings was used at the time of ex-parte hearing – The basis of ex-parte injunction was the averment made in the plaint – In this

regard, the material evidence was placed on record and the representation was made in the Court – It was held that under Sections 106, 28, 29 and 21 of the Trade and Merchandise Marks Act, 1958, such conduct could be said to be the mis-representation of the material fact made to the Court – Hence, the injunction was vacated –It was further ruled that this conduct could also be considered as the contempt of Court

JUDGMENT

J.B. Goel, J.

1. By this order, plaintiff's application (I.A. No. 7665/99) under Order 39 Rules 1 and 2, CPC seeking temporary injunction and defendants application (I.A. No. 8739/99) under Order 39 Rule 4, CPC for vacating the ex parte interim injunction granted on 12.8.1999 are being disposed of.

2. plaintiffs has filed a suit for injunction against infringement of trademark, infringement of copyright, and passing off, besides other ancillary reliefs. The case of the plaintiff is that plaintiff is the registered proprietor of the label 'SURAJ CHHAP' registered vide registration No. 287631 dated 24.4.1973 in Class 34 in respect of Scented Chewing Tobacco which has been renewed and a valid mark on the Trademark Register having been last renewed on 24.4.1994. Formerly plaintiff's was a partnership firm doing business in the name of M/s. Prakash Sugandh Bhandar comprising of Om Prakash, Sumer Chand and Promod Kumar as its partners since the year 1973. Subsequently, one of the partner retired and one other expired and now plaintiff is its sole proprietor. It is alleged that the plaintiff has traded extensively under the trade mark "SURAJ CHHAP" for different varieties of tobacco since the year 1973 in several States including, Delhi, Rajasthan, U.P., Gujarat and M.P. and has got good reputation in his products. It is further alleged that plaintiff is also the owner and proprietor of the artistic work in the labels and pouches used for sale of their products which are distinctive, with typical trade dress and unique colour combination. plaintiff also claims that he has also got common law right for action for passing off in respect of this trademark on account of long and extensive use. It is however, admitted that the plaintiff had stopped the sale of his goods under this trade mark for some time (period of non-user not mentioned). It is further alleged that the defendants used to sell tobacco under trademarks of "PATANGA" and "HARIBIHARI" but have recently started using plaintiff's trademark "SURAJ CHHAP" and copied the design of his pouches knowing fully well plaintiff's reputation in his product in the market. plaintiff has accordingly filed this suit.

3. On his I.A. No. 7665/99 filed along with the suit, an ex parte ad interim injunction was granted on 12.8.1999 restraining the defendants from using the trademark "SURAJ CHHAP" or pouches or labels identical or deceptively similar to those of the plaintiff.

4. Defendants have not filed written statement but have filed an application I.A. 8739/99 under Order 39 Rule 4, CPC for vacating this ex parte injunction with detailed facts. In this application, broadly the pleas taken are: (1) that the plaintiff has made a wrong statement that his trademark is registered, plaintiff's registration is neither in respect of "SURAJ CHHAP" but was in respect of 'Scented Chewing Tobacco which is manufactured tobacco; (2) that the plaintiff's trademark was registered with a disclaimer of the word "SURAJ" and the device of "Sun" which fact has not been disclosed and has been suppressed and plaintiff has obtained an ex parte injunction by mis-representation of facts and fraudulently. The plaintiff has got no right as registered proprietor in respect of the label trade mark "SURAJ CHHAP" and the device of "Sun"; (3) that defendants are in the trade of tobacco since the year 1956, having copyright registration in respect of "SUN BRAND" Hukka Tobacco since 10.5.1976; and in the year 1993 they had started marketing unmanufactured raw tobacco in pouches under the marks of "SURAJ CHHAP" tobacco and "ASLIHARIPANNI" in distinctive pouches. The sale figures in respect of six years from 1993-94 to 1998-99 have also been given the annual sale figures being Rs. 10,62,257.50 in 1993-94 and Rs. 17,66,250/- in the year 1998-99; the defendants thus claim to be well established in the business of tobacco, enjoying good reputation in respect of their goods being of superior quality, all over the country; (4) that the plaintiff was earlier engaged in the business of Agarbatti, perfume, dhoop, oil, etc. and had no relation with tobacco and in 1973 he had started selling 'Scented Chewing Tobacco' but he could not make good business, he stopped this business in the year 1979 and thus having discontinued and abandoned the business as well as the trademark, no right in the trademark or in the good will in respect of this trademark, survive due to non-user. He has restarted new business only in the year 1999, whereas the defendants have been using the trademark of "SURAJ CHHAP" since 1993; xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx (5) that the plaintiff thus neither a registered proprietor, in respect of the trade mark nor in the label/pouches the label/pouches "SURAJ CHHAP"; (6) that the label/pouches of the defendants are not identical or deceptively similar to those of the plaintiff also. And so there is no valid ground to grant injunction; the injunction has been obtained by suppression of material facts and documents and fraudulently concealing the fact of his trade mark being conditioned by disclaimer. Defendant thus claims vacation of the injunction as well as dismissal of the suit. Both the parties have produced large number of documents and also have submitted written submissions besides addressing oral arguments quite at length.

4. I have considered the contentions, the material on record as well as the circumstances. First contention of the learned Counsel for the defendants is that the interim injunction has been obtained by suppressing relevant and material facts, and thereby misleading and practicing fraud on the Court and this circumstance itself warrants vacation of the interim injunction and dismissal of the suit. Whereas learned Counsel for the

manupatra plaintiff has contended that there was no concealment of material facts and plaintiffs suit besides based on registered trade mark is also for passing off action. Disclaimer does not bar the common law remedy of action for passing off and for that disclaimer is of no consequence.

5. The title of the suit is "suit for permanent injunction restraining infringement of Trademark, infringement of copyright, passing off....." Suit for infringement of trademark will lie under Section 28 of the Trade and Merchandise Marks Act, 1958 (for short 'the Act') only if the plaintiff is the registered proprietor of these trade marks. In para 5 of the plaint it is pleaded as under :

"5. The plaintiff is the registered proprietor of the label 'SURAJ CHHAP' registered vide registration No. 287631 dated 24.4.1973 in Class 34 in respect of Scented Chewing Tobacco. The said mark has been renewed and is a valid mark on the Trademarks Register."

6. The prayer (a) of para 22 of the plaint also is for "A decree of permanent injunction restraining the defendant..... from using the trademark SURAJ CHHAP or any mark which is identical or deceptively similar to the plaintiffs SURAJ CHHAP mark, thereby amounting to infringement of registered trade mark of the plaintiff".

7. In the proceedings recorded at the time of admission on 10.8.1999 and 12.8.1999 also, it is so claimed where it is recorded as under:

"10.8.1999

plaintiff claims to be the proprietor of the trade mark "SURAJ CHHAP" in respect of tobacco by means of registration No. 287631 dated 24.4.1974.....

12.8.1999

IA 7665/99

Heard. Learned Counsel has relied on Garden Perfume P. Ltd v. Anand Soaps & Detergents, MANU/DE/0522/1993 : 53(1994)DLT244 ; and Poison Ltd, v. Poison Dairy Ltd., 1996 (16) PTC 709, and has contended that in spite of the fact that plaintiff may have temporarily discontinued the use of trade mark 'SURAJ CHHAP' he is entitled to protection by virtue of Sections 28 and 81 of the Trade and Merchandise Marks Act, 1958 as the trade mark still continues on the register of the trade mark registry and it is still valid. I have considered the contention, circumstances and material placed on the record.

Notice to the defendants for 18,11.1999.

In the meantime, interim order in terms of prayers (a) and (b) of this application."

8. The proof of registration of the trademark produced with the plaint is a copy of the certificate of registration of trade mark No. 287631 dated 24.4.1973 in the names of Om Prakash, Sumer Chand and Promod Kumar in Clause 34 in respect of scented chewing tobacco with the representation of the label annexed. There is a note at the foot that this certificate is not for use in legal proceedings.

9. The pleadings, submissions made before the Court and the documents relied clearly show that the suit of the plaintiff is for infringement of registered trademark of "SURAJ CHHAP" registered at No. 287631. It is clearly so represented.

10. Defendant has also filed a copy of the certificate of registration of the trademark No, 287631 registered on 24.4.1973 in the same names but with the following disclaimer:

"REGISTRATION OF THIS TRADEMARK SHALL GIVE NO RIGHT TO THE EXCLUSIVE USE OF THE DEVICE "SUN" AND THE WORD "SURAJ".

11. The fact of the disclaimer has not been mentioned in the plaint nor so disclosed orally on 10.8.1999 or on 12.8.1999 and rather clear and categorical statement has been made in the Court also that the trademark "SURAJ CHHAP" is a registered trademark registered at Sr. No. 287631 and obviously the basis of the ex parte injunction is the averment made in the plaint, material placed on record and the representation made in Court. This is a mis-representation of material fact made to the Court.

12. Concealment of material facts or documents or otherwise making any misrepresentation in the Court has been seriously viewed by the Courts. In this connection, it will be relevant to refer to the following observations made by the Supreme Court in Chandra Shashi v. Anil Kumar Verma, MANU/SC/0558/1995 : 1994ECR636(SC) :

In this case, the respondent had filed in Court a fabricated document to oppose the prayer of his wife seeking

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transfer of a matrimonial proceeding from Delhi to Unnao. The Court suo motu took contempt action against the respondent. The Court has observed in paras 1, 2 & 8 as under:

"1. The stream of administration of justice has to remain unpolluted so that purity of Court's atmosphere may give vitality to all the organs of the State. Polluters of judicial firmament are, Therefore, required to be well taken care of to maintain the sublimity of Court's environment; so also to enable it to administer justice fairly and to the satisfaction of all concerned.

2. Anyone who takes recourse to fraud, deflects the course of judicial proceedings; or if anything is done with oblique motive, the same interferes with the administration of justice. Such persons are required to be properly dealt with, not only to punish them for the wrong done, but also to deter others from indulging in similar acts which shake the faith of people in the system of administration of justice.

3. To enable the Courts to ward off unjustified interference in their working, those who indulge in immoral acts like perjury, prevarication and motivated falsehoods have to be appropriately dealt with, without which it would not be possible for any Court to administer justice in the true sense and to the satisfaction of those who approach it in the hope that truth would ultimately prevail. People would have faith in Courts when they would find that satyamev jayate (truth alone triumphs) is an achievable aim there; or Yatra dharmas to jaya (it is virtue which ends in victory) is not only inscribed in emblem but really happens in the portals of Courts."

The Court held that the husband committed contempt of Court and awarded him two weeks sentence of imprisonment.

13. Again in *Indian Bank v. Satyam fibres (India) Pvt.*, MANU/SC/0657/1996 : AIR1996SC2592 , the respondent had sought review of the judgment of the National Consumer Disputes Redressal Commission, New Delhi whereby it had passed a money decree against the appellant, on the plea that the judgment was obtained on the basis of letter No. 2776 which was a forged document used for the purpose of that case. The Commission did not take notice of this plea. The Supreme Court observed that:

"This plea could not have been legally ignored by the Commission which needs to be reminded that the Authorities, be they constitutional statutory or administrative (and particularly those who have to decide a lis) possess the power to recall their judgments or orders if they are obtained by fraud as Fraud and Justice never dwell together (Faucet just cohabitant). It has been repeatedly said that fraud and deceit defend or excuse no man."

Regarding the scope of the inherent power of the Court and Tribunal in such matters it was observed as under (Paras 22 and 23 at page 1216):

"22. The judiciary in India also possesses inherent power, specially under Section 151, CPC, to recall its judgment or order if it is obtained by Fraud on Court. In the case of fraud on a party to the suit or proceedings, the Court may direct the affected party to file a separate suit for setting aside the Decree obtained by fraud. Inherent power are powers which are resident in all Courts, especially of superior jurisdiction. These powers spring not from legislation but from the nature and the constitution of the Tribunals or Courts themselves so as to enable them to maintain their dignity, secure obedience to its process and rules, protect its officers from indignity and wrong and to punish unseemly behaviour. This power is necessary for the orderly administration of the Court's business.

23. Since fraud affects the solemnity, regularity and orderliness of the proceedings of the Court and also amounts to an abuse of the process of Court, the Courts have been held to have inherent power to set aside an order obtained by fraud practiced upon that Court. Similarly, where the Court is misled by a party or the Court itself commits a mistake which prejudices a party, the Court has the inherent power to recall its order....."

The letter No. 2776 relied by the respondent was held to be a forged document, the appeal was allowed and the two judgments passed by the Commission, one decreeing the claim and the other of dismissal of the review application, were set aside and the complaint of the respondent dismissed with costs of Rs. 25,000/-.

14. Again in *S.P. Chengalvaraya Naidu (dead) by L.Rs. v. Jagannath (dead) by L.Rs. and Ors.*, MANU/SC/0192/1994 : AIR1994SC853 , it has been reiterated that it is settled proposition of law that a judgment or decree obtained by playing fraud on the Court is a nullity and non-est in the eyes of law. The Courts of law are meant for imparting justice between the parties. One who comes to the Court must come with clean hands. A person whose case is based on falsehood has no right to approach the Court. He can be summarily thrown out at any stage of the litigation. It is further observed that non-production and even non-mentioning of a material document at the trial tantamounts to playing fraud on the Court.

15. Coming to the effect of disclaimer on the trademark "SURAJ CHHAP".

16. As seen above, the trademark was registered subject to disclaimer that this registration shall give no right to the exclusive use of the device of 'Sun' and the word "SURAJ". This means that the word "SURAJ" and the device of Sun do not form part of the registered trademark. And the registered trademark is only "Zafrani Patti".

17. Section 17 of the Act reads as under :

"17. Registration of trade marks subject to disclaimer.--

(a) contains any part --

(i) which is not the subject of a separate application the proprietor for registration as a trade mark; or

(ii) which is not separately registered by the proprietor was a trade mark;
or

(b) contains any matter which is common to the trade or is otherwise of a non-distinctive character;

the Tribunal, in deciding whether the trade mark shall be entered or shall remain, on the register, may require, as a condition of its being on the register, that the proprietor shall either disclaim any right to the exclusive use of such part or of all or any portion of such matter, as the case may be, to the exclusive use of which the Tribunal holds him not to be entitled, or make such other disclaimer as the Tribunal may consider necessary for the purpose of defining the rights of the proprietor under the registration :

Provided that no disclaimer shall affect any rights of the proprietor of a trade mark except such as arise out of the registration of the trade mark in respect of which the disclaimer is made."

18. Similar provision existed in Section 13 of the earlier Trade Marks Act, 1940. The object and purpose for imposing disclaimer has been explained by the Supreme Court in the case of Registrar of Trade Marks v. Ashok Chand Rakhit, MANU/SC/0052/1955 : [1955]2SCR252 , as under:

"8. The real purpose of requiring a disclaimer is to define the rights of the proprietor under the registration so as to minimise, even if it cannot wholly eliminate, possibility of extravagant and unauthorised claims being made on the score of registration of the trade marks."

19. Disclaimed part(s)/matter of the registered trademark does not form part of the registered trademark and as such is not entitled to the benefits available in respect of a registered trademark.

20. Section 9 of the Act provides for registration of a trademark. The object of Section 9 is to protect the legitimate interest of the trade and public in the use of the words and devices legitimately used by them in relation to their wares. It provides that a mark in order to be registerable in part "A" must be distinctive, i.e., adapted to distinguish the goods of the applicant from those of others and for registration in part "B" a mark must be either distinctive or capable of distinguishing the goods of the applicant from those of other traders. Obviously, the necessity to impose disclaimer in this case arose as the word "SURAJ" and the device 'Sun' do not fulfill the conditions of Section 9 of the Act to be entitled for registration. Section 28 of the Act entitles the registered proprietor of the trademark the exclusive right to the use of the trademark in relation to the goods in respect of which the trademark is registered and to obtain relief in respect of infringement of that trademark in the manner provided in the Act. However, as provided in Sub-section (2), this exclusive right is made subject to any conditions and limitations to which the registration is subject. Registration of the trademark affords better protection of the trademark by providing statutory recognition/title to the mark and the remedy for infringement of that title. Whereas the proprietor of an unregistered trademark cannot use for its infringement or recover damages for infringement of his mark [Section 27(1)]. The only way open to the latter to protect his trademark against infringement is by means of an action for passing off or by way of criminal proceedings for offence under Section 78. The Supreme Court in the case of Wander Ltd. and Anr. v. Antox India P. Ltd., MANU/SC/0595/1990 has noticed the difference in the remedies available in respect of registered and unregistered trademarks as under:

"An infringement action is available when there is violation of specific. property right acquired under and recognised by the Statute. In a passing off action, however, the plaintiff's right is independent of such a statutory right to a trademark and is against the conduct of the defendant which leads to or is intended or calculated to lead to deception."

21. The plaintiff thus by suppressing the fact of disclaimer, has prevaricated and has tried to overreach the process of the Court in an attempt to obtain ex parte injunction. The special advantages which the Act gives

manupatra to the proprietor by reason of the registration of its trademark did not extend to the matter in the trade mark which he had disclaimed. In short, the disclaimed part(s) or matter(s) is not within the protection of the statute.

22. It is then contended that even if the word "SURAJ" is not registered, and is disclaimed however notwithstanding the disclaimer, suit for action for passing off is not barred in view of proviso to Section 17 of the Act. That is a different matter. The fact remains that suit was based on the false plea of the trademark being registered, the material document available was withheld and on the other hand, a document not intended to be used in legal proceedings was used at the time the ex parte hearing of the interim injunction application was taken up. Obviously, the plaintiff has not only concealed material fact and document but has made misrepresentation of facts and thereby misused the process of the Court by fraudulent means. This conduct is highly derogatory, without justification and is reprehensible. This warrants not only the recall of interim injunction already granted but also dismissal of the suit. This may also amount to contempt of Court.

23. Learned Counsel for the plaintiff has then contended that the proviso to Section 17 of the Act specifically saves the common law remedy of passing off action and in the suit there is prayer for passing off action which is legally maintainable. For this, inter alia, reliance has been placed on Registrar of Trade Marks v. Ashok Chandra Rakhit, MANU/SC/0052/1955 : [1955]2SCR252 ; Lakhpai Rai v. Dhanpat Rai, MANU/DE/0015/1974 : AIR1974Delhi91 ; and Godfrey Philips India Ltd. v. Girnar Food & Beverages Pvt. Ltd., MANU/DE/0827/1997 : 69(1997)DLT8 .

24. Proviso to Section 17 of the Act under which this disclaimer can be imposed has already been reproduced above. The scope of similar proviso which existed in the 1940 Act, has been explained in Ashok Chandra Rakhit (supra), as under:

"The last feature of the section is its proviso. That proviso preserves intact any right which the proprietor may otherwise under any other law have in relation to the mark or any part thereof. The disclaimer is only for the purposes of the Act. It does not affect the rights of the proprietor except such as arise out of registration. That is to say, the special advantages which the Act gives to the proprietor by reason of the registration of his trade mark do not extend to the parts or matters which he disclaims. In short the disclaimed parts or matters are not within the protection of the statute.

That circumstance, however, does not mean that the proprietor's rights, if any, with respect to those parts or matters would not be protected otherwise than under the Act. If the proprietor has acquired any right by long user of those parts or matters in connection with goods manufactured or sold by him or otherwise in relation to his trade, he may, on proof of the necessary facts, prevent an infringement of his rights by a passing off action or a prosecution under the Indian Penal Code. Disclaimer does not affect those rights in any way."

25. Learned Counsel for the defendant has contended that in an action for passing off in order to succeed in getting an interim injunction, the plaintiff has to establish continuous user of the trademark prior in point of time than the impugned user by the defendant, and in this case though learned Counsel has contended that the plaintiff had started the use of this trademark in 1973 but he used the same till about the year 1978 and as the plaintiff could not make market in the trade mark or in this business he closed tobacco business did not use the same for about 20 years, i.e., till the year 1999 and obviously the plaintiff had abandoned the trademark, and thus lost right of prior user therein. Non-user for over 16 years is not denied by the plaintiff.

26. The documents placed on record, assuming the same to be correct, show that the sale of tobacco products with the mark of "SURAJ CHHAP" was started by the plaintiff during the year 1973 and actually carried on up to the year 1978 though the excise license was got renewed up to 1982. This business appears to have been resumed by the plaintiff only in the year 1999, i.e., after a period of over 20 years, if the period is taken after the year 1978 and 17 years if it is taken from the year 1982. What is the effect of this non-user for such a long period? How property in a mark is lost has been explained in the law of Trade Marks by Nayarana ana 4th Edition in para 3.21 at page 31 as under:

"3.21 How property in a mark lost. Property in a trade mark is determined in various ways. In the case of a registered trade mark all statutory rights cease on removal of the mark from the register. This may be done by the Registrar for non-payment of renewal fee (see Chapter 5) or on an application for rectification (see Chapter 21) on various grounds. These grounds include, non-use for a minimum period, abandonment, loss of distinctiveness, mark wrongly registered or wrongly remaining on the register.

A mark which was once distinctive of a person's goods when he was the exclusive manufacturer of such goods may lose its distinctiveness and become descriptive.

In the case of an unregistered trade mark the property rights can be enforced only by an action for passing off. Hence the rights on the mark cease when the circumstances necessary for success in a passing off action cease to exist; as for example, when the mark ceases to be distinctive of the proprietor's goods as a result of non-use, abandonment, or when it becomes

common to the trade by widespread piracy or when the proprietor does not take any action against infringers of his rights.

xxxxx"

27. The purpose of a trade mark and how and when the use of the trademark gets recognition has been noticed at length in the case of *Godfrey Philips India Ltd. v. Ginar Food & Beverages Pvt. Ltd.* (supra).

28. What is the effect of non-user of the trade mark by the the plaintiff for a long period? Learned Counsel for the plaintiff has contended that the registration of the plaintiff's trademark remains on the register of the trademark till today having been renewed every seven years which is till valid. The plea is that it shows that there was no intention to abandon the trademark. However, the trademark SURAJ CHHAP or device of SUN in question is not a registered trademark as there is a disclaimer in respect of this word "SURAJ" and the device and thus it is not on the register of the trade mark. As such validity of the registration of the other trademark is not of any relevance.

29. For the time being, without going into the question, whether the trademark "SURAJ" or the device of "Sun" was capable of acquiring distinction as a trademark, the question is whether the plaintiff has abandoned this trademark in question. To "abandon" means to give up absolutely and irrevocably. The question of abandonment is one of intention to be inferred from the facts of the particular case. Though non-user in given circumstances properly justifying non-user even for a long time may not constitute abandonment, however, an intention to abandon may be inferred from the circumstance of non-user even for a short period and without any such circumstances being shown for non-user for a long period. The circumstances which might justify not to infer intention to abandon are noticed in Nayarana's Trade Mark Act (4th Edition) in para 24.73 at page 463 such as (1) in the case of a company which owns a trademark going into liquidation; temporary non-user due to war conditions, or adverse market conditions which affect the trade of the proprietor of the trademark. These conditions would not justify inference of intention to abandon being raised.

30. It will thus depend upon the facts and circumstances of each case when an inference of the intention to abandon the trademark for non-user could be drawn. Learned Counsel for the plaintiff has relied on following cases.

31. In *Poison Ltd. v. Poison Dairy Ltd.*, 1996 PTC 709 (Del), trademark "Poison" was being used since 1890 in respect of coffee. Later on in 1915, it was extended in respect of butter, cheese, flour etc. Later on in 1930, the proprietor developed a modern dairy at Anand, Gujarat by the name of Poison Model Dairy and in 1938 it was incorporated in a private limited company. The business was extended in other commodities also. Later on due to certain policy decisions taken by the Central Government the dairy business was reserved for the cooperative sector and restrictions were imposed for private sector corporations doing dairy business. Due to these restrictions dairy became an uneconomic business to the plaintiff, as a result of which the plaintiff suspended its dairy operation in 1978 but it continued its business in the trade/corporate name Polson Ltd. Later on, due to liberalisation policy of the Government in August, 1993, plaintiff again intended to restart its dairy operations and to market the same under the existing trademark and corporate name Poison Ltd. In 1992, defendant Poison Dairy Limited was incorporated. An objection was taken to the defendant adopting the plaintiff's trademark and corporate name Poison. Inter alia, relying on *Ruston and Hornby Ltd. v. Zamindara Engineering Co.*, MANU/SC/0304/1969 : [1970]2SCR222 , it was held that since the trademark has been registered in the name of the plaintiff validly which was renewed, the defendant had no right to use the said mark of the plaintiff. In that case, obviously it was found as a fact that the non-user of the trademark by the plaintiff was not voluntarily but due to restrictions imposed by the Government in respect of dairy business and in the circumstances there was no abandonment. In *Avis International Ltd. v. Avi Footwear Industries and Anr.*, MANU/DE/0562/1991 : 46(1992)DLT625 , the plaintiff was a registered proprietor of trademark "AVIS" in respect of readymade garments since 1.8.1979. In the suit for injunction filed by the plaintiff for restraining the defendants from using it, the defendant took the objection that there was non-user of the trademark by the plaintiff for five years of more which was disputed by the plaintiff. It was observed as under :

"In the present case, there is only an assertion that there has been a non-user of the mark AVIS with respect to footwears for a period longer than the statutory period. The burden to prove that in fact there has been non-user for the period required by the statute is on the person who asserts it....."

Obviously there was prima facie no material to show even non-user and consequently abandonment of the trade mark.

32. In *Garden Perfume (P) Ltd. v. Anand Soaps and Detergents*, MANU/DE/0522/1993 : 53(1994)DLT244 , also, in the facts and circumstances before it, the Court did not prima facie found it a case of abandonment due to non-user.

33. Coming to the facts of the present case. In this respect, plaintiff in para 10 of the plaint has pleaded as under :

"10. Due to the death of one of the partners of the plaintiff, there was some duration in which the plaintiff had stopped the sale of the product under the mark "SURAJ CHHAP'. However, the same did not affect the reputation and goodwill which the plaintiff enjoyed in the said mark. The mark "SURAJ CHHAP' in relation to tobacco and allied products even today signifies the plaintiff and is immediately connected with the plaintiff alone. The plaintiff and its products have an extremely well-established reputation. The use of the mark "SURAJ CHHAP' by any other manufacturer or trader constitutes infringement of trademark and passing off and the use of label/pouch which is a substantial imitation of the plaintiffs label/pouch constitutes infringement of copyright and passing off."

34. And the defendant in para 7 of the application I.A. No. 8739/99 under Order 39 Rule 4, CPC has pleaded as under :

"7. Whereas the plaintiff basically, since long was in the business of manufacture and sale of Agarbati, Perfumes, Dhoop, Oils etc. having no relation to the Tobacco with these products. In the year 1973, plaintiff also started the business of selling "Scented Chewing Tobacco" under the mark "SURAJ CHHAP". The registration of their said trade mark was only for specific quality of tobacco. i.e., "Scented Chewing Tobacco." However, plaintiff could not establish this business because they failed to create 'Niche' in the tobacco, market as their main business since long was of sale of Perfumes, Dhoop and Agarbati and Hair Oils and thus could carry on the tobacco business only till 1979. Thereafter they stopped the said business. No body recognised him by the name of mark "SURAJ CHHAP" as claimed by him in the suit but they were only known till now as dealers in Perfumes, Dhoop, Agarbati & Hair Oils, etc. copy of the shop and the Board is Annexure D-4.

7.1. It is pertinent to state here that as tobacco is an excisable item, the respondent who were out of business since 1979, reapplied for excise license and get it registered in the year 1999 only which itself shows that the plaintiff was out of the tobacco business for over 17 years.

7.2. xxxxx

7.3. xxxxx"

35. plaintiff in reply thereto has not disputed the fact of non-user after 1979. The ground for non-user pleaded is "interruption in the use due to a tragic death of a member in the family". In the written submissions filed on behalf of the plaintiff, it is alleged that non-user was due to death of Promod Kumar, one of the partner who had died on 16.6.1985.

36. The non-user was since 1979 and the death admittedly took place on 16.6.1985, i.e., six years later. Even the excise license was not renewed after 1982. The death of a partner could not be the reason for non-user. The Explanation for non-user thus, prima facie, is no Explanation and is apparently an after-thought and the same cannot be said to be proper and valid Explanation. Not only this, vide order dated 10.8.1999, the plaintiff was directed to file an affidavit stating the period during which the use of the trademark was discontinued. Affidavit was filed but without any Explanation to this effect. The period of non-user since 1979 till 1999, for over 20 years, is quite long and in the absence of any valid and reasonable Explanation available, it would be a reasonable inference that the plaintiff had abandoned the trade mark, "SURAJ CHHAP" in 1979. Once a person has abandoned a trademark by non-user, he cannot claim any right on the basis of such abandoned trademark, of course, by its use again and in such case he would have no remedy against the person who adopts and uses similar trademark in the meantime.

37. The defendants claim to have adopted and have been using this trademark since 1993. Though, according to the plaintiff it could not be before 1995 as the business in tobacco, could not be carried on without an excise license and the license in this case was obtained vide No. 163 /95, i.e., in the year 1995 and as such there could be no user prior to 1995. It may be so. But the plaintiff had himself started using the trademark in the year 1999, whereas the suit was filed in August, 1999, i.e., after a period of four years and during this period the plaintiff did not take any steps to stop this user earlier. This would also be a circumstance showing abandonment by the plaintiff apart from acquiescence.

38. As regards the copyright in the pouches obviously for this also the defendant is the prior user and adopter and moreover it is not the case of the plaintiff that the pouches with the present get-up were being used by the plaintiff earlier. In that view of the matter, defendant being the prior adopter and user of the impugned trademark, namely, "SURAJ CHHAP" and the particular pouch has superior right than that of the plaintiff. The plaintiff thus is not entitled to a temporary injunction.

39. In view of this discussion, the defendant's I.A. No. 8739/99 is allowed and that of the plaintiff (I.A. No. 7665/99) is dismissed, with costs.

40. Interim injunction granted on 12.8.1999 which is continuing is hereby vacated.

manupatra 41. In view of the above discussions in the earlier part of the judgment that the plaintiff has misrepresented, suppressed and withheld material documents and this amounts to practicing fraud on the Court, I feel it just, proper and expedient in the proper administration of justice that the suit itself should be dismissed on this ground.

Accordingly, the suit of the plaintiff is also dismissed with costs.

Costs assessed at Rs. 20,000/-.

I.A. No. 7665/99, and Suit No. 1744/99 are dismissed and I.A. No. 8739/99 is allowed and stand disposed of.

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