

SUPREME COURT OF INDIA

S. M. Dyechem Ltd.

Vs.

Cadbury (India) Ltd.

C.A.No.3341 of 2000

(M. Jagannadha Rao and Y. K. Sabharwal, JJ.)

09.05.2000

JUDGEMENT

M. JAGANNADHA RAO, J.:-

1. Leave granted.

2. In trade mark cases, the tension is between protectionism on the one hand and allowing competition on the other. In the late nineteenth century where law was regarded as a science, the legal formalists laid down principles and legal rules, treating trade mark as 'property'. In the beginning of this century, legal realists laid emphasis on pragmatic considerations of economic policies and "real world results" and the 'likelihood of confusion.' Of late, the tension between protectionism and competition has increased. (See Vol. 59 'Law and Contemporary Problems, 1996, No. 2 P. 5 at p. 14) (A Personal Note on Trade Mark etc. by Milton Handler).

3. This is a plaintiffs appeal against the judgment of the Gujarat High Court in A.F.O. 203 of 1999 dated 24-8-1999, by which the High Court of Gujarat allowed the appeal preferred by the respondent-defendant and set aside the temporary injunction which was initially granted on 25-2-1999 and which was confirmed on 23-3-1999. The injunction was sought by the appellant to restrain the respondent from using the word PICNIC as it allegedly amounted to infringement of the appellants' registered trade mark for the use of the word PIKNIK. The suit was on the basis of infringement of trade mark and also on the basis of passing off.

4. The brief facts of the case are as follows:

The appellant company (plaintiff) claimed that it started business in 1988 in four products like potato, chips, potato wafers, corn-pops and preparations made of rice and rice flour. In January 1989 it started using the trade mark PIKNIK. It applied for registration on 17-2-1989 of the said word in Class 29 (for preserved dried and cooked fruit vegetables etc. including all goods included in Class 29) under application No. 505531-B. Plaintiff also applied for registration of same trade mark in Class 30 (for tea, coffee, corns, jaggery etc. including confectionery chocolates, honey etc.) under application 505532. A third application under same name was (for beverages, beers, mineral and irrigated water) under application No. 505533. Registration was granted on 29-7-1994 after advertisement on 1-9-1993. The appellant renewed the trade mark last for 7 years from 17-2-1996. Respondent-defendant was found using the mark 'PICNIC' for chocolates. Appellant gave notice on 16-3-1998. Respondent replied on 7-4-1998. Thereafter, the appellant filed the suit on 18-2-1999 based on alleged infringement of trade mark 505532 and passing off. Pending the suit, appellant applied for temporary injunction. (The respondent filed an application on 19-3-1999 in the Bombay High Court for rectification and the same is pending).

5. The respondent-defendant contended in this interlocutory application that 'CADBURY'S PICNIC' was introduced in 1998 for chocolates. It was registered earlier under No. 329970 in Class 30 of 4th schedule in 1977 for dairy milk chocolates, wafers bar, dairy milk chocolate, confectionery etc. (The said trade mark expired after 7 years and was not renewed). Defendant applied for rectification of the plaintiff's trade mark by application dated 19-3-1999. Defendant had also filed a subsequent application for registration of CADBURY PICNIC in August 1999 (appln. No. 712676). It pleaded that CADBURY PICNIC and/or PICNIC and/or label with the said word was registered by the defendant's parent company in over 110 countries all over the world and the defendant had transborder reputation and goodwill. The plaintiff could not claim monopoly in the variations of the ordinary dictionary word PICNIC or any misspelling thereof. Plaintiff had never intended to do business in chocolates. Its main business was in dyes and chemicals. Its business in food products was ancillary and fell under NAMKINS and PAPADS. Even otherwise, both labels were different in essential features. The registration by plaintiff was only of a label and should not be and was not of the word PIKNIK. The said word was a misspelling of an ordinary dictionary word and was not "distinctive". Registration thereof under Section 9 was invalid. There was also delay in filing the suit on 18-2-1999 and injunction could not be granted.

6. The trial Court held that the plaintiffs' registration of the word PIKNIK (including for chocolates) was and is in force, that the defendant's earlier registration had expired, that the defendant did not oppose registration by plaintiff, that there was no unreasonable delay in filing the suit, the injunction in these circumstances could not be refused even if there was some delay, plaintiff had a prima facie case and balance of convenience was in plaintiff's favour. It held that the defendant's mark was 'deceptively similar' within Section 2(1)(d) of the Trade and Merchandise Marks Act, 1958, that confusion could be created in the minds of purchasers either because the marks were similar visually or ocularly or phonetically. Here there was clear phonetic resemblance. The contention that what was registered was the label and not the word 'PIKNIK' could not be accepted. The 'essential features' of the trade marks were similar. Section 2(1)(f) referred to 'mark' as including a device brand, headings label, ticket, name, signatures, word, letter, humeral or any combination thereof. Even if the 'essential features' of the words 'PIKNIK' were taken into consideration, the defendant's mark 'PICNIC' was deceptively and phonetically similar. The defendant had cleverly designed the word 'PICNIC' by change of spelling and the word was so designed on its label in large letters. The plaintiff's trade mark was registered under Class 30 which included 'chocolates.' Section 9(1)(d) or (e) would not help the defendant inasmuch as the plea that this was a common dictionary word was not correct. In fact the defendant had himself registered the word PICNIC in 1977 in India and the same word was registered in other countries. Defendant had again applied in India in 1998-1999 for registration of the same word. Section 28 of the Act conferred a statutory right on plaintiff on account of registration. The said mark was registered without opposition under Section 21. On the above reasoning, the trial Court granted temporary injunction in favour of the appellant.

7. On appeal by the defendant, the High Court reversed the judgment and held that the word PIKNIK could not be called an 'essential feature.' The plaintiff's Label consisted of the peculiar script of the word 'PIKNIK' in a curved fashion with the caricature of a little boy with a hat in between the words 'K' and 'N'. The script and the figure of the little boy were the essential features and not the word 'PIKNIK'. The plaintiff's label had to be looked at as a whole. Plaintiff was marketing potato chips and potato wafers in a polythene pouch and not chocolates, though plaintiff had registration under Class 30 for chocolates. Defendant was marketing under trade label 'Cadbury's PICNIC' in a polythene pouch and hence both marks were different, Defendant was not using the plaintiff's label with the caricature of a boy. It was true there was phonetic similarity but the word 'PIKNIK' was a misspelling of the common dictionary word PICNIC and hence could not be the subject of any proprietary right. Here the products too were different and there was no confusion. The fact that the plaintiff was using the word 'PIKNIK' could not be compared to cases where well known trade names were under use - like Cadbury - and if the defendant used the word PICNIC along with the word Cadbury, for a different product, there could be no infringement. Cadbury was a household name in India and defendant had been marketing chocolates since 1948. The said word had almost become synonymous with chocolates in India as in the case of 'Cadbury Dairy Milk,' 'Cadbury Five Star' etc. The same was true with 'Cadbury Picnic'. There was absolutely no scope for deception. There was neither infringement nor passing off. Based on this reasoning the High Court allowed the appeal of the respondent-defendant and set aside the order of temporary injunction.

8. In this appeal, learned senior counsel for the appellant-plaintiff Sri. P. Chidambaram contended that the defendant, by merely filing a rectification application on 19-3-1999 after the appellants

filed the suit on 18-2-1999 for injunction based on infringement, could not scuttle the suit or this application for temporary injunction. In the present suit or in the application, the respondent could not raise a defence that the registration of the plaintiff's trade mark was "invalid" on the ground that the word PIKNIK was not "distinctive" and that it was akin to a dictionary word or that the trade mark did not satisfy various clauses of S. 9(1). Section 31 raised a presumption of validity of plaintiff's registered mark. It was sufficient if the plaintiff's mark had become distinct even by the actual date of registration. For purposes of S. 31 the deeming clause in Section 23(1) did not apply. Under Section 32 of the Act, if seven years had elapsed from the date of registration (i.e. date of application for registration as deemed by Section 23) then the plea of invalidity of registration, namely, that plaintiff's registration of trade mark was not 'distinctive', could not be raised in this suit nor in defence to this application nor even in the rectification proceedings. Seven years had elapsed by 17-2-1996, long before the defence in the suit was raised as also by the date of filing of the rectification application on 19-3-1999. Date of the registration in Section 32 (unlike the position under Section 31(2)) was to be deemed as date of application for registration in view of Section 23(1). Hence the defendant could not be permitted to raise any plea that the word 'PIKNIK' was not 'distinctive' by 17-2-1989 within Section 9. In this context, the decision of this Court in *National Bell Co. v. Metal Goods Mfg. Co.*, (1970) 3 SCC 665 : (AIR 1971 SC 898) was relevant. Learned counsel also argued that under Sections 2(j) and 2(v), 'mark' included a label. In any event, the plaintiff's trade mark was valid as it fell within the various clauses of Section 9 even if it be assumed that Section 32 did not bar the defendant's plea. In view of the rights conferred by registration of the trade mark under Section 28 it must be held that the trade mark was infringed within Section 29 inasmuch as the defendant used its mark which, was 'deceptively similar' to the plaintiff's trade mark. Apart from the right arising out of infringement, the defendant was guilty of 'passing off' of the defendant's goods as the plaintiff's goods. In view of the principles laid down in *American Cyanamid v. Ethicon Ltd.*, (1975) 1 All ER 504 (HL) it is sufficient if a triable issue is raised. No prima facie case need be proved. Hence the appellant should be granted temporary injunction.

9. On the other hand, learned senior counsel for the defendant Sri Dushyant Dave contended that even if in view of Section 111(5) of the Act, the temporary injunction applications could go on, the defence that plaintiff's trade mark was invalid as it did come within Section 9 could be raised in these interlocutory proceedings. Plaintiff's trade mark was invalid as the conditions in Section 9 were not satisfied and in any event, being akin to a dictionary word, it was not "distinctive" within Section 9(1)(e). The presumption under Section 31(2) did not apply and the bar in Section 32 also did not apply since seven years had not elapsed from "the date of registration", by the time the defence was raised in this suit that plaintiff's mark was not distinctive. In any event, the case fell within the exceptions mentioned in Section 32 and in particular the one in Section 32(e). Counsel also contended that there was no deception within Section 29 read with Section 2(d). The plaintiff's mark was the entire label and not the word 'PIKNIK' alone. The conditions specified in Section 29 were not satisfied. Further, the defendant's mark PICNIC had cross-border reputation in 110 countries over a long period and the use of the said word in India would not infringe the plaintiff's trade mark nor would such use amount to 'passing off' defendant's goods as the plaintiff's goods. In view of *Colgate Palmolive (India) Ltd. v. Hindustan Lever Ltd.*, (1999) 7 SCC 1 : (1999 AIR SCW 3050 : AIR 1999 SC 3105) the relative strength of the case above need be considered.

10. On these contentions, the following points arise for consideration:

(1) Whether the defendant could, in the present interlocutory proceedings, based on infringement and passing off, raise any defence that the registration of plaintiff's mark was itself "invalid" because the plaintiff's mark did not satisfy the ingredients of Clauses (a) to (e) of Section 9(1) and was, in particular, not "distinctive" as required by Section 9(1)(e)?

(2) Whether, on the other hand, plaintiff could rely on the presumption in Section 31 and also contend that under Section 32 the "validity" of the registration of the plaintiff's mark had become conclusive on the expiry of 7 years long before defence was raised in the suit (such time reckoned from date of application for rectification under Section 23(1)) and whether there were any exceptions to the said bar?

(3) Whether, assuming that Section 31 and Section 32 did not come in the way of the defendant, on merits the word 'PIKNIK' was not distinctive and did not satisfy Section 9(1)(e)?

(4) For grant of temporary injunction, should the Court go by principle of prima facie case (apart from balance of convenience) or comparative strength of the case of either parties or by finding out if the plaintiff has raised a 'triable issue'?

(5) Whether, assuming that plaintiff's registration was valid, the comparative strength of the case on the question of infringement is in favour of plaintiff?

(6) Whether, alternatively, the plaintiff had made out that for grant of temporary injunction treating the suit as a 'passing off' action, the relative strength of the case, was in plaintiff's favour?

(7) Whether there was unreasonable delay on the part of the plaintiff in filing suit and whether the High Court was justified in interfering in appeal in interlocutory proceedings?

POINTS 1, 2 AND 3:

11. The provisions of Section 111 deal with 'stay of proceedings where the validity of registration of the trade mark is questioned etc.' In the present case, while the plaintiff appellant has filed the present suit on 18-2-1999 for permanent injunction etc. against the defendant-respondent on the ground of 'infringement' and 'passing off', the defendant has filed an application for rectification on

19-3-1999 in the High Court of Bombay. Now Section 111 is intended to protect the plaintiff. The defendant, by filing a rectification proceeding later in the High Court cannot preclude the plaintiff from seeking interim relief in view of Section 111(5).

12. Under Section 111(1)(a) if in any suit the defendant pleads invalidity under Section 3 of the plaintiff's trade mark, then, (i) the Civil Court trying the infringement suit shall stay the suit if rectification proceedings are pending. (ii) if no such rectification proceedings are pending, the Civil Court has to raise an issue as to validity of plaintiff's trade mark and refer the parties to the High Court to seek rectification. Under Clause (2) if a rectification application is filed as directed, the suit is to be stayed till rectification proceedings are over. If such an application is not filed for rectification, it shall be deemed that the plea is abandoned by defendant. Under Section 111(5) even if the suit is to be stayed pending rectification proceedings, the plaintiff can file and have interlocutory applications for temporary injunction etc. to be disposed of.

13. The point raised by the learned senior counsel for the appellant Sri P. Chidambaram is that the policy of the Act is not to allow the defendant to raise any issue relating to the "invalidity" of the plaintiff's trade mark as a defence in a Civil Suit for infringement at any time at the pleasure of the defendant and that a question as to validity can be decided only in rectification proceedings, provided, on facts, such proceedings are in time (as prescribed in Section 32) and are otherwise maintainable. If such issues cannot be raised in the main suit itself, they cannot be raised even in interlocutory proceedings. It is pointed out that even where no rectification proceedings are pending, if a question relating to the "invalidity" of registration of plaintiff's mark is raised in defence, the Court has to direct the defendant to move for rectification and is to adjourn the suit.

14. Learned senior counsel, in this context, pointed out the distinction, between the Trade Marks Act and the Patents Act, by referring us to Section 107 of the Patents Act, 1970. That section reads as follows:

"Section 107 - Defences, etc. in suits for infringement:

(1) In any suit for infringement of a patent, every ground of which it may be revoked under Section 64 shall be available as a ground for defence.

(2) In any suit for infringement of a patent by the making, using or importation of any machine, apparatus or other article or by the using of any process or by the importation, use or distribution of any medicine or drug, it shall be a ground for defence that such making, using, importation or distribution is in accordance with any one or more of the conditions specified in Section 47."

It is true that under Section 107 of the Patents Act, it is permissible in any suit for infringement of a patent, for the defendant to raise all pleas in defence which he could have raised under Section 64 of the Act for revocation and there is no similar provision in the Trade Marks Act, 1958. However, the question is as to what extent under the Trade Marks Act, 1958 Sections 31 and 32 come in the way of the defendant.

15. Now Section 9(1) sets down the various requisites for a "valid" registration of a trade mark in parts A and B of the register. Section 9(1) is to be read along with Section 9(3) which defines the word 'distinctive' used in Section 9(1)(e). Section 9 reads as follows:

"Section 9 : Requisites for registration in Parts A and B of the register -

(1) A trade mark shall not be registered in Part A of the register unless it contains or consists of at least one of the following essential particulars, namely:-

(a) the name of a company, individual or firm represented in a special or particular manner;

(b) the signature of the applicant for registration or some predecessor in his business;

(c) one or more invented words;

(d) one or more words having no direct reference to the character or quality of the goods and not being, according to its ordinary signification, a geographical name or a surname or a personal name or any common abbreviation thereof or the name of a sect, caste or tribe in India;

(e) any other distinctive mark.

(2)

(3) For the purposes of this Act, the expression 'distinctive' in relation to the goods in respect of which a trade mark is proposed to be registered means adapted to distinguish goods with which the proprietor of the trade mark is or may be connected in the course of trade from goods in the case of which no such connection subsists either generally or, where the trade mark is proposed to be registered subject to limitations, in relation to use within the extent of the registration."

For the present, we are not referring to the other sub-clauses of Section 9. If a trade mark does not satisfy Section 9, it is well settled that it is to be treated as 'invalid'.

16. The defence of the defendant-respondent based on Section 9(c), (d) and (e) is that the word 'PIKNIK' is akin to a dictionary word and is not an inventive word nor a word having no direct relation to the character or quality of goods nor a distinctive word and hence sub-clauses (c), (d), (e) of Section 9(1) do not apply and the registration of the plaintiff's trade mark is in itself invalid. This brings us to Sections 31 and 32 for deciding whether the plea can be raised in defence in these interlocutory proceedings.

17. Section 31 states that registration is to be prima facie evidence of validity. Section 31 reads as follows:

"Section 31: Registration to be prima facie evidence of validity -

(1) In all legal proceedings relating to a trade mark registered under this Act (including application under Section 56), the original registration of the trade mark and of all subsequent assignments and transmissions of the trade mark shall be prima facie evidence of the validity thereof.

(2) In all legal proceedings as aforesaid a trade mark registered in Part A of the register shall not be held to be invalid on the ground that it was not a registrable trade mark under Section 9 except upon evidence of distinctiveness and that such evidence was not submitted to the Registrar before registration, in all legal proceedings as aforesaid, if it is proved that the trade mark had been used by the registered proprietor or his predecessor in title as to have become distinctive at the date of registration."

Section 32 deals with conclusive proof of validity of the trade mark and reads as follows:

"Section 32: Registration to be conclusive as to validity after seven years-

Subject to the provisions of Section 35 and Section 46 in all legal proceedings relating to a trade mark registered in Part A of the register (including applications under Section 56) the original registration of the trade mark shall after the expiration of seven years from the date of such registration, be taken to be valid in all respects unless it is proved-

(a) that the original registration was obtained by fraud; or

(b) that the trade mark was registered in contravention of the provision of Section 11 or offends against the provision of that section on the date of commencement of the proceedings; or

(c) that the trade mark was not at the commencement of the proceedings, distinctive of the goods of the registered proprietor."

While Section 31 raises a presumption as to validity of registration, Section 32 bars any such question being raised after seven years, subject to course to some exceptions.

18. In our view, any decision on the question of 'validity' of the appellant's trade raised as a defence in the present application filed under Order 39, Rule 1, C.P.C. will seriously jeopardise a decision on the same issue now pending in the rectification proceedings filed by the respondent in the Bombay High Court. We would therefore not go into the question of 'validity' or 'distinctiveness' of the plaintiff's trade mark nor into the applicability of National Bell Co. case, (1970) 3 SCC 665 : (AIR 1971 SC 898) as those issues are to be decided in the rectification proceedings. We are of the view that the case before us can be disposed of by considering whether there is prima facie any deception and hence infringement and whether there is any 'passing off'. Points 1, 2 and 3 are therefore not decided.

POINT 4:

19. This point deals with the principles applicable for grant of temporary injunction in trade mark cases. Before American Cyanamid Co. v. Ethicon Ltd., (1975) 1 All ER 504 (HL) it was customary for the Courts to go into prima facie case in trade mark cases for grant or refusal of temporary injunction. But in American Cyanamid, it was observed that it was sufficient if a "triable issue" was presented by the plaintiff and the merits need not be gone into. The said judgment was referred to by this Court in Wander Ltd. v. Antox India (P) Ltd., 1990 Supple SCC 727. The judgment in Wander Ltd. was followed in Power Control Appliances v. Sumeet Machines (P) Ltd., (1994) 2 SCC 448 : (1994 AIR SCW 2760). But in Gujarat Bottling Co. Ltd. v. Coca Cola Co., (1995) 5 SCC 545 : (1995 AIR SCW 3521 : AIR 1995 SC 2372) this Court again adverted to the prima facie case principle while granting temporary injunction.

20. All these rulings have been reviewed recently in *Colgate Palmolive (India) Ltd. v. Hindustan Lever Ltd.*, (1999) 7 SCC 1 : (1999 AIR SCW 3050 : AIR 1999 SC 3105). It was pointed to this Court that there was considerable criticism of the principles laid down in *American Cyanamid* (1975 (1) All ER 504). (See also *Floyd, Interlocutory Injunctions since Cyanamid* (1983 E 1 PR 238), (*Cole, Interlocutory Injunctions in U.K. Patent cases* (1979 E 1 PR 71) (see also *Edenborough M and Tritton, American Cyanamid revisited* (1998 E1 PR 234) and *Philipps* in 1997 JBL 486). This Court referred to the recent judgment of *Laddie* in UK.

21. In U.K., *Laddie, J.* reconsidered the principle recently and explained *American Cyanamid* in his judgment in *Series 5 Software v. Clark*, (1996) 1 All ER 853 (Ch D). The learned Judge observed that in *American Cyanamid*, Lord Diplock did not lay down that the relative strength of the case of each party need not be gone into. Thereafter, this Court in *Palmolive* case (1999 AIR SCW 3050 : AIR 1999 SC 3105) has referred to *Laddie J's* view and said that the view of *Laddie, J.* is correct and that *American Cyanamid* cannot be understood as having laid down anything inconsistent with the 'old practice'. We may also add that now the Courts in England go into the question whether the plaintiff is likely or unlikely to win in the suit i.e. into the comparative strength of the case of the rival parties - apart from the question of balance of convenience. (See again *Laddie, J.* in *Barclay's Bank Inc v. R.B.S. Advanta*, 1998 RPC 307 where such a question is posed and where *Series 5 Software* was followed. Therefore, in trade mark matters, it is now necessary to go into the question of 'comparable strength' of the cases of either party, apart from balance of convenience. Point 4 is decided accordingly.

POINT 5:

22. Under this point, we propose to trace the legal principles applicable to cases of infringement with particular reference to dissimilarities in essential features of a device or mark.

23. Under Section 23 of the Act, a plaintiff in a suit on basis of infringement has to prove not only that his trade mark is infringed by a person who is not a registered proprietor of the mark or a registered user thereof but that the said person is using a mark in the course of his trade, "which is identical with or deceptively similar to the trade mark of the plaintiff, in such manner as to render the use of the mark likely to be mistaken as the registered trade mark." Under Section 2(d) the words "deceptively similar" are defined as follows: "a mark shall be deemed to be deceptively similar to another mark if it so nearly resembles that other mark as to be likely to deceive or cause confusion."

24. We shall now refer to the broad principles applicable to infringement actions and in particular to devices, labels and composite marks.

Essential Features if copied:

25. It is well-settled that the plaintiff must prove that essential features of his registered mark have been copied. The onus to prove 'deception' is on the part of the plaintiff who alleges infringement. A mark is said to be infringed by another trader if, even without using the whole of it, the latter uses one or more of its "essential features." The identification of an essential feature depends partly on the Courts own judgment and partly on the burden of the evidence that is placed before it. Ascertainment of an essential feature is not to be by ocular test alone; it is impossible to exclude consideration of the sound of words forming part or the whole of the mark. (Kerly, Law of Trade Marks and Trade Names, 11th Ed. 1983, Para 14.21).

26. It is no answer to a charge of infringement - as contrasted with a passing off action - that the defendant's mark, whilst including the plaintiff's mark, includes other matters too. Still less is it an answer that by something outside that actual mark the defendant has distinguished his goods from those of the plaintiff by adding his own name (Kerly para 14.22). But this principle is not absolute. It is also accepted that addition of his own name by defendant is an element to be considered and may turn the scales in favour of the defendant. In same para 14.22, Kerly says:

"But the use of the defendant's name as part of the mark complained of is an element to be considered and in some cases it has turned the scale in his favour" (Jewsbury and Brown v. Andrew and Atkinson, (1911) 28 RPC 293)"

Jewsbury case was a case relating to infringement. (Of course, in Para 14.25 Kerly also refers to cases where addition of defendant's name has not turned the scales).

27. So far as resemblance in words is concerned, Justice Parker in Pianotist Co's Applications (Pianola) : (1906) 23 RPC 774 (at 777) has stated as follows:

"You must take the two words. You must judge of them, both by their look and by their sound. You must consider the goods to which they are to be applied. You must consider the nature and kind of customer who would be likely to buy the goods. In fact, you must consider all the surrounding circumstances and you must further consider what is likely to happen if each of these trade marks is used in a normal way as a trade mark for the goods of the respective owners of the marks. If considering all those circumstances, you come to the conclusion that there will be confusion - that is to say, not necessarily that one man will be injured and the other will gain illicit benefit, but there will be confusion in the mind of the public which will lead to confusion in the goods - then you may refuse registration, or rather you must refuse registration in that case."

This dictum has been quoted with approval by this Court in Amritdhara Pharmacy v. Satya Deo Gupta, AIR 1963 SC 449 and Roche v. Geoffrey Manners and Co. Pvt. Ltd., AIR 1970 SC 2062.

Devices and Composite Marks:

28. But the considerations relating to words, however, differ appreciably when device marks are to be compared or when a device mark is to be compared with a word mark. (Kerly Para 17.07). After referring to the factors mentioned by Parker, J. in the above case, it is stated in Halsbury's Laws of England, (Vol. 38, 3rd

Ed., Para 986) as follows:

"These considerations differ to some extent when device marks are being compared or when a device mark is compared with a word mark."

Dissimilarity in essential features in devices and composite marks more important than some similarity:

29. It has been stressed for the appellant that since the word PICNIC is used by defendant while plaintiff is using its misspelling PIKNIK, this is an essential feature which is similar phonetically or visually, and there is therefore infringement. It is argued that presence of even one essential feature in defendant's mark is sufficient. In our opinion, in the case of devices and composite marks, the above principle has not been strictly applied. The English Courts have laid emphasis more on dissimilarities in essential features rather than on similarity. The "whole thing" principle is based on first impression as seen by the Court. We shall now refer to these principles laid down in the English cases.

30. When the question arises whether a mark applied for bears such resemblance to another mark as to be likely to deceive, it should be determined by considering what is the leading character of each. The one might contain many, even most, of the same elements as the other, and yet the leading, or it may be the only, impression left on the mind might be very different. On the other hand, a critical comparison of the two marks might disclose numerous points of difference. and yet the idea which would remain with any person seeing them apart at different times might be the same. Thus, it is clear that a mark is infringed if the essential features, or essential particulars of it, are copied. In cases of device marks, especially, it is helpful before comparing the marks, to consider what are the essentials of the plaintiff's device. (Kerly para 17.08). The trade mark is the whole thing - the whole picture on each has to be considered. There may be differences in the parts of each mark, but it is important to consider the mode in which the parts are put together and to judge whether the dissimilarity of the part or parts is enough to make the whole dissimilar. It has been said that if the only resemblances between two marks are in parts which are common, so that the owner of the one has taken nothing which is peculiar to the other, then there is at all events no infringement, at any rate unless the plaintiff had a distinctive arrangement of the common elements. But this approach is hardly suited to a comparison word marks: and even in relation to label marks or other features of

get-up, it would be more appropriate to consider the case as a whole, with due regard to the background provided by any other marks shown to be in use (Kerly Para 17.17). Therefore, the question is whether the defendant has, so far as the common feature is concerned, - copied any distinctive arrangement of the common elements? Or has copied any unusual feature of the common element (Crispin's Appln., (1917) 34 RPC 249) (See Kerly Para 17.19, fn. 77). The marks, names or get-up concerned must always be considered as the whole thing, as the true test is whether the totality of the impression given both orally and visually is such that it is likely to cause mistake, deception or confusion (Halsbury Vol. 38, 3rd Ed. Para 987).

31. We next come to the crucial test laid down by Evershed M.R. in *Broadhead's Application*, (1950) 67 RPC 209 at 215 which was a case relating to opposition to registration. The Master of Rolls followed the observations of Lord Russell in *Coca Cola Co. of Canada v. Pepsi Cola Co. of Canada* (which was an infringement action) (1942) 59 RPC 127 and observed as follows:

"Where you get a common denominator, you must in looking at the competing formulas, pay much more regard to the parts of the formulas which are not common - although it does not flow from that that you must treat the words as though the common part was not there at all."

Where common marks are included in the rival trade marks, more regard is to be paid to the parts not common and the proper course is to look at the marks as whole, but at the same time not to disregard the parts which are common. Halsbury (3rd Ed. Para 992) also says: where there are common elements to two or more marks, more regard must be paid to the parts that are not common but the common parts cannot be disregarded. (*Coca Cola Co. of Canada Ltd. v. Pepsi*

Cola Co. of Canada Ltd., (1942) 1 All ER 615 (PC).

32. The above principles have been laid down in English law.

Decisions of this Court - infringement, essential features and the whole thing

33. This Court has laid down in *Corn Products Refining Co. v. Shangrila Food Products Ltd.*, AIR 1960 SC 142 which was a case of infringement, that it would be for the Court to decide whether the marks were similar. It was observed that "in deciding the question of similarity between two marks, the marks have to be considered as a whole." Again in *K.K. Chinna Krishna Chettiar v. Sri Ambal and Co.*, AIR 1970 SC 146 where the question of similarity arose at the stage of opposition to the appellant's mark by the respondents (who had a registered trade mark), it was observed that: "it is for the Court to decide the question on a comparison of the competing marks as a whole." The resemblance between the two marks must be considered with reference to the ear as well as the eye." In *Roche and Co. v. Geoffrey Manners and Co. Pvt. Ltd.*, AIR 1970 SC 2062 the question of 'deceptive similarity' was raised by the appellant (a registered trade mark holder) for removal of the

respondent's trade mark, in rectification proceedings. (The decision is relevant in an infringement action except that the burden of proof in an infringement action is on the plaintiff while in an application for rectification it is the applicant). It was again observed in the above case that: "it is necessary to apply both the visual and phonetic tests." "It is also important that the marks must be compared as whole." "The true test is whether the totality of the proposed trade mark is such that it is likely to cause deception or confusion or mistake in the minds of persons accustomed to the existing trade mark." In yet another case of an infringement action, Parle Products (P) Ltd. v. J.P. and Co., Mysore, AIR 1972 SC 1359 the question was in relation to wrapper with the words 'Glucobiscuit' and the particular colour scheme, the general get up used for sale of Parle's Gluco Biscuit' so printed on the wrapper. There was a farmyard with a girl in the centre carrying a pail of water and cows and hens around her in the background of a farmhouse. The defendant was selling biscuits with the name 'Glucose Biscuits.' The wrapper contained picture of a girl supporting with one hand a bundle of hay on her head and carrying a sickle and a bundle of food, with cows and hens around, in the background of a building. This Court held, on those facts, that in an infringement action, it was sufficient if there was 'overall similarity' as would mislead a person usually dealing with one to accept the other if offered to him. Here the packets were of the same size and the colour scheme and design were having close resemblance. The marks should not be kept side by side and compared. The essential features of both marking were a girl with one arm raised and carrying something in the other while the cows or hens were near her, in the background of a house. The decision of this Court in Durga Dutt Sharma v. Navratna Pharmaceutical Laboratories, AIR 1965 SC 980 was a case where the respondent-registered holder of the trade mark opposed the appellant's registration. The question of deception arose in that context. Both were using the word 'Navratna Pharmaceutical Laboratories' in connection with sale of Ayurvedic medicines. It was held that for judging whether the later mark was deceptive, it was sufficient if the similarity was so close visually, phonetically or otherwise. If the essential features has been proved to be adopted by the opposite party, that was sufficient. The fact that the get-up, packing and other writing or marks on the goods or packets showed marked difference was not material, though such features could be material in a passing-off action and the defendant might escape liability by showing some additional matter to distinguish his goods. The purpose of comparison was to see if the essential features were different. The object of inquiry was to find out if the defendant's mark was as a whole similar to the plaintiff's registered mark. Ruston and Hornsby Ltd. v. Zamindara Engineering Co., (1969) 2 SCC 727 : (AIR 1970 SC 1649) was again a case of an infringement action. It was admitted that the words 'Ruston and Rustam' were deceptively similar and the fact that to the latter, "India" was suffixed made no difference. The Court pointed out the difference between an infringement action and a passing off action and held that if there was colourable imitation, the fact that the get up was different was not relevant in an infringement action though it might have had relevance in a passing off action, and in that context referred to Saville Perfumery Ltd. v. June Perfect Ltd., (1941) 58 RPC 147 (161).

34. Broadly, under our law as seen above, it can be said that stress is laid down on common features rather than on differences on essential features, except for a passing reference to a limited extent in one case.

Difference in essential features are also relevant under Indian Law:

35. It appears to us that this Court did not have occasion to decide, as far as we are able to see, an issue where there were also differences in essential features nor to consider the extent to which the differences are to be given importance over similarities. Such a question has arisen in the present case and that is why we have referred to the principles of English Law relating to differences in essential features which principles in our opinion, are equally applicable in our country.

Application of Principles to facts of this case:

36. If differences in essential features are relevant, the next question is as to what is the position on facts.

37. The first question therefore is as to what, on the facts, are the essential features of the plaintiff's mark? It is clear that apart from the word PIKNIK, the essential features are also the special script of these words in block letters and the curve in which those words are inscribed and the caricature of the boy with a hat occurring between the words K and N on the plaintiff's mark. On the other hand, the defendant's mark contains the words PICNIC in a straightline, the script is normal and the words 'Cadbury' are written above the words PICNIC. Neither the peculiar script nor the curve nor the boy with a hat are found in the defendant's mark. It is true that there is phonetic similarity and use of the word PICNIC. But what is the effect of the dissimilarities?

38. This is the crucial part of the case. It is here that sufficient care is to be taken in applying the principles. In our opinion, in the present case, three tests to which reference has been made above, have to be applied. The first one is this: Is there any special aspect of the common feature which has been copied? The second test will be with reference to the 'mode in which the parts are put together differently? That is to say whether the dissimilarity of the part or parts is enough to mark the whole thing dissimilar (Kerly Para 17.17 referred to above). The third test is whether when there are common elements, should one not pay more regard to the parts which are not common, while at the same time not disregarding the common parts? What is the first impression?

39. As to the first test, whether there are any peculiar features of the common part which have been copied, it is seen that the peculiar aspects of the common features of PIKNIK namely the peculiar script and the curve have not been copied; then, as to the second test, we have to see the dissimilarity in the part or parts and if it has made the whole thing dissimilar. Absence of the peculiar script in the letters, the curve and the absence of the caricature of the boy with a hat, in our view, have made the whole thing look dissimilar. Then, as to the third test, the above three dissimilarities have to be given more importance than the phonetic similarity or the similarity in the use of the word PICNIC for PIKNIK. That is how these three tests have to be applied in this case. On first impression, we are of the view that the dissimilarities appear to be clear and more striking to the naked eye than any similarity between the marks. Thus, on the whole, the essential features are different.

39-A. Learned senior counsel for the respondent had also strongly relied on Registrar, Trade Marks v. Ashok Chandra Rakhit, AIR 1955 SC 558 to contend that, in any event, the plaintiff had registered only the label and not the words PIKNIK. In that case, this Court quoted (P. 565) the following words from Pinto v. Badman, (1891) 8 RPC 181 (at 191) to the following effect:

"The truth is that the label does not consist of each particular part of it, but consists of the combination of them all."

We do not propose to go into the applicability of the above decision to the case before us. There, the question was whether the Registrar could insist that a particular word contained in the label should be disclaimed.

40. In the result, we hold on the question of infringement that on an examination of the relative strength of the pleas, as stated in Palmolive (1999 AIR SCW 3050 : AIR 1999 SC 3105) it is shown that the chances, on facts, are in favour of the defendant rather than in favour of the plaintiff and that the plaintiff is not entitled to temporary injunction. This finding on facts is confined to these interlocutory proceedings only.

Deceive or confuse:

41. Our discussion under this head is again in the context of the relevant strength of the case of the parties and for the purposes of the temporary injunction as laid down in Palmolive.

42. Section 29 uses the words 'deceptively similar' and Section 2(1)(d) defines 'deceptively similar' as situations where one is 'deceiving' others or 'confusing' others. We have to keep in view the distinction between the words 'deceive' and 'confuse' used in Section 2(1)(d). These words which occur in the various trade mark statutes have been explained in Parker-Knoll v. Knoll International, (1962) RPC 265 (HL) (Pp. 273-274) by Lord Denning as follows:

"Looking to the natural meaning of the words, I would make two observations:

first, the offending mark must 'so nearly resemble' the registered mark as to be 'likely' to deceive or cause confusion. It is not necessary that it should be intended to deceive or intended to cause confusion. You do not have to look into the mind of the user to see what he intended. It is its probable effect on ordinary people which you have to consider. No doubt, if you find that he did not intend to deceive or cause confusion, you will give him credit for success in his intentions. You will not hesitate to hold that his use of it is likely to deceive or cause confusion. But if he had no such intention, and was completely honest, then you will look carefully to see whether it is likely to deceive or cause confusion before you find him guilty of infringement.

Secondly, 'to deceive' is one thing. To cause 'confusion' is another. The difference is this: when you deceive a man, you tell him a lie. You make a false representation to him and thereby cause him to believe a thing to be true which is false. You may not do it knowingly, or intentionally but still you do it, and so you deceive him. But you may cause confusion without telling him a lie at all, and without making any false representation to him. You may indeed tell him the truth, the whole truth and nothing but the truth, but still you may cause confusion in his mind, not by any fault of yours, but because he has not the knowledge or ability to distinguish it from the other pieces of truth known to him or because he may not even take the trouble to do so."

The above passage has been quoted by this Court *Roche v. Geoffrey Manners*, AIR 1970 SC 2062 (2064).

43. Therefore, if, in a given case, the essential features have been copied, the intention to deceive or to cause confusion is not relevant in an infringement action. Even if, without an intention to deceive, a false representation is made, it can be sufficient. Similarly, confusion may be created unintentionally but yet the purchaser of goods may get confused for he does not have knowledge of facts which can enable him not to get confused.

44. In the present case, this aspect need not detain us inasmuch as we have already held that the relative strength of the case is in favour of the defendant. Further this aspect is connected with the type of buyer whom the law has in mind and we shall be presently dealing with this aspect also.

45. It is not necessary for us to go into the contention of the respondent that the defendant was using the word PICNIC in other countries over a long period along with the word 'Cadbury' and that a question of transborder reputation protects the defendant. Reliance is placed for the respondent on *N.R. Dongre v. Whirlpool Corporation*, (1996) 5 SCC 714 : (1996 AIR SCW 3514) for this purpose. We do not think it necessary to go into this aspect. Such a question, if raised in the suit, can be gone into on its own merits.

46. For the above reasons, we hold that on the question of the relative strength the decision must go in favour of the defendant that there is no infringement and the High Court was right in refusing temporary injunction, Point 5 is decided accordingly.

Point 6:

Passing off and infringement - differences:

47. Here the point is in relation to relative strength of the parties on the question of 'passing off'. As

discussed under Point 5 the proof of resemblance or similarity in cases of passing off and infringement are different. 'In a passing off action additions, get up or trade-dress might be relevant to enable the defendant to escape. In infringement cases, such facts do not assume relevance. (See *Durga Dutt Sharma v. Navaratna Phamaceutical Laboratories Ltd.*, (AIR 1965 SC 980); *Ruston and Hornsby Ltd. v. Zamindara Engineering Co.*, AIR 1970 SC 1649 and *Wander Ltd. v. Antox India Pvt. Ltd.*, 1990 Suppl, SCC 727).

48. It is possible that, on the same facts, a suit for passing off may fail but a suit for infringement may succeed because the additions, the get up and trade dress may enable a defendant to escape in a passing off action. A somewhat similar but interesting situation arose in a dispute between two companies. In *N. S. Thread Co. v. James Chadwick and Bros.*, AIR 1948 Mad 481, the passing off action failed. But thereafter *James Chadwick Co.* succeeded in an appeal arising out of the registration proceedings and the said judgment was confirmed by this Court in *N. S. Thread Co. Ltd. v. James Chadwick and Bros. Ltd.*, AIR 1953 SC 357. It was held that the judgment in the passing off case could not be relied upon by the opposite side in latter registration proceedings.

49. In the same tone, Halsbury (Trade Marks, 4th Ed., 1984 Vol. 48, para 187) says that in a passing off action the "degree of similarity of the name, mark or other features concerned is important but not necessarily decisive, so that an action for infringement of a registered trade mark may succeed on the same facts where a passing of action fails or vice versa". As to vice-versa, Kerly says (para 16.12), an infringement action may fail where plaintiff cannot prove registration or that its registration extends to the goods or to all the goods in question or because the registration is invalid and yet the plaintiff may show that by imitating the mark or otherwise, the defendant has done what is calculated to pass off his goods as those of plaintiff.

50. In *Schweppes Ltd. v. Gibbens*, (1905) 22 RPC 601 (HL), Lord Halsbury said, while dealing with a passing off action that "the whole question in these cases is whether the thing - taken in its entirety, looking at the whole thing - is such that in the ordinary course of things a person with reasonable comprehension and with proper insight would be deceived".

Defendant's name on his goods is an indication of there being no case of passing off.

51. In the present case, defendant's goods contain the words 'Cadbury' on their wrapper. As per the principle laid down in *Fisons Ltd. v. E. J. Godwin*, (1976) RPC 653, the occurrence of the name 'Cadbury' on the defendant's wrapper is a factor to be considered while deciding the question of passing off. Similarly in *King and Co. Ltd. v. Gillard and Co. Ltd.*, (1905) 22 RPC 327 and *Cadbury-Schweppes Pty. Ltd. v. The Pub. Squash Ltd.*, (1981) RPC 429, it was held that the presence of defendant's name on his goods was an indication that there was no passing off, even if the trade dress was similar.

52. The fact that the defendant's wrapper contains the word 'Cadbury' above the words PICNIC as therefore a factor which is to be taken into account.

Buyer's ignorance and chances of being deceived :

53. As to scope of a buyer being deceived, in a passing off action, the following principles have to be borne in mind. Lord Romer, LJ has said in *Payton and Co. v. Snelling Lampard and Co.*, (1900) 17 RPC 48 that it is a misconception to refer to the confusion that can be created upon an ignorant customer. The kind of customer that the Courts ought to think of in these cases is the customer who knows the distinguishing characteristics of the plaintiff's goods, those characteristics which distinguish his goods from other goods in the market so far as relates to general characteristics. If he does not know that, he is not a customer whose views can properly be regarded by the Court. (See the cases quoted in *N. S. Thread and Co. v. Chadwick and Bros.*, AIR 1948 Madras 481, which was a passing off action). In *Schwepes'* case, Lord Halsbury said, if a person is so careless that he does not look and does not treat the label fairly but takes the bottle without sufficient consideration and without reading what is written very plainly indeed up the face of the label, you cannot say he is deceived.

54. In our view, the trial Court in the present case went wrong in principle in holding that there was scope for a purchaser being misled. The conclusion was arrived at without noticing the above principles.

55. In the result, on the question of passing off, the relative strength of the case again appears to us to be more in defendant's favour. Point 6 is decided accordingly.

Point 7 :

56. The issue of laches of the appellant-plaintiff, though relied upon by the respondent, does not, in view of our finding at Point 5; assume any significance in this case.

57. Coming to the question whether the appellate Court was right in interfering with the discretion of the trial Court and in vacating injunction, we are of the view that, on facts, interference was justifiable. If wrong principles were applied by the trial Court under Order 39, Rule 1 CPC, the appellate Court could certainly interfere in interlocutory proceedings under Order 39, Rule 1 CPC. Here, the trial Court gave importance to phonetic similarity and did not refer to the differences in essential features. It did not also have the wary customer in mind. On the other hand, the High Court's approach in this behalf was right as it noticed the dissimilarities in the essential features and concluded that viewed as a whole, there was neither similarity nor scope for deception nor

confusion. (No doubt both Courts went into the validity of the plaintiff's registered mark and into the question of 'distinctiveness' of the word PIKNIK under Section 9 (1) (e). But in our view that was no necessary. Thus, when wrong principles were applied by the trial Court while refusing temporary injunction, the High Court could certainly interfere. Point 7 is decided accordingly.

58. In the result, the appeal is dismissed. We, however, reiterate the direction given by High Court in regard to maintenance of accounts and the undertaking to be given by the defendant for damages, if any, that may be granted in the suit, in case the suit succeeds.

59. We make it clear that the above findings on facts are for the purpose of the temporary injunction and will not come in the way of the Court in the suit to decide the matter on the evidence produced.

Appeal dismissed.