

# SUPREME COURT OF INDIA

T.V. Venogopal

Vs.

Ushodaya Enterprises Ltd. & Anr.

C.A.No.6314-15 of 2001

(Dalveer Bhandari and K.S. Panicker Radhakrishnan,JJ.,)

03.03.2011

## JUDGMENT

**Dalveer Bhandari,J.,**

1. These appeals are directed against the judgment delivered by a Division Bench of High Court of Andhra Pradesh in Letter Patent Appeal Nos. 12 and 13 of 2001 on 15.06.2001.

2. Brief facts which have been given by the appellant are recapitulated as under.

3. The appellant is the sole proprietor of a firm carrying on business inter alia as manufacturers of and dealers in incense sticks (agarbathis) in the name and style of Ashika Incense Incorporated at Bangalore.

4. The appellant started his business in the year 1988 and adopted the mark 'Ashika's Eenadu'. According to the appellant the word 'Eenadu' in Kannada language means 'this land'. In Malayalam and Tamil language it conveys the same meaning. In Telugu language it means 'today'.

5. In consonance with the above meaning the appellant devised an artistic label comprising a rectangular carton in bottle green background with sky-blue border and in the centre, in an oval tricolour, the word 'Eenadu' is written.

6. According to the appellant, in the year 1993 he honestly and bona fide adopted the trade mark 'Eenadu' meaning 'this land' in Kannada. In the said label the other expressions used are 'Ashika's original' and the firm's logo printed in red against yellow background. The other panel of the carton contains the same description in Telugu besides the name and address of the appellant. The panel on one side of the carton mentions the name, address, contents and another side contains 'Eenadu' in Devnagari, Tamil and Malayalam.

7. The appellant applied for registration of trade mark on or about 10.02.1994 of the said label bearing application No. 619177. The appellant made an application to the Registrar of

the Trade Marks for a certificate under proviso to Section 45(1) of the Copyright Act, 1957. The Registrar issued a certificate on 7.3.1996. Thereafter, an application for registration for copyright was made by the appellant on 14.3.1997.

8. The appellant's product, incense sticks (agarbathies) were well received in the market and according to him, when he filed the appeal before this Court, his annual business was about rupees eleven crores per annum.

9. The respondent company, who was engaged in the business of publishing a newspaper in Telugu entitled as 'Eenadu', served a cease and desist notice on the appellant which was replied by the appellant on 8.3.1995. The respondent company in the year 1999 filed a suit for infringement of copyrights and passing-off trade mark in the Court of Second Additional Chief Judge, City Civil Court, Hyderabad. The respondent company therein claimed that they have been in the business of publishing a newspaper, broadcasting, financing and developing a film city.

10. It was contended by the respondent company that the use of the word 'Eenadu' by the appellant amounted to infringement of their copyright and passing-off in trade mark. According to the respondent company, the business of the appellant and the respondent company was different and there is no commonality or casual connection between the two businesses.

11. The appellant states that the word 'Eenadu' is a well known and well understood word appearing in all the South Indian languages. It means 'today' in Telugu. In Tamil, Malayalam and Kannada it means 'this land'. Therefore, no absolute monopoly could either be claimed or vest in any single proprietor in respect of the entire spectrum of goods and/or services and there have been other traders and manufacturers who have been using the word 'Eenadu' to distinguish their merchandise from similar merchandise of others.

12. The appellant also asserted that in Hyderabad one co-operative bank exists in the name of 'Eenadu Cooperative Bank Ltd.' and their services are advertised as 'Eenadu Deposits', a shop also exists in Vijayawada by the name 'Eenadu Men's Wear' and a film titled 'Eenadu' in Malayalam and Telugu was produced some time over a decade back. The appellant contended that detergent powder, playing cards, hair oil, coffee powder, tea powder, papad etc. are being sold with the mark 'Eenadu'.

13. The Second Additional Chief Judge, City Civil Court, Hyderabad on 24.11.1999 had granted an ex-parte ad interim injunction restraining the appellant from using the expression 'Eenadu' and the same was confirmed on 27.12.1999. Thereafter, the appellant, aggrieved by the said order, moved the High Court of Andhra Pradesh at Hyderabad. The High Court suspended the interim injunction. The High Court permitted the appellant to dispose off their finished products to the tune of Rs.1 crore and also permitted the appellant to produce goods that were in the process of manufacture to the tune of Rs. 78 lakhs.

14. Meanwhile, the trial court on 24.7.2000 partially decreed the suit of the respondent company. The appellant was not enjoined from using the words 'Eenadu' in the entire country other than in the State of Andhra Pradesh.

15. The appellant, aggrieved by the order of the City Civil Judge filed an appeal before the High Court of Andhra Pradesh. The respondent company also filed an appeal against the order of City Civil Judge praying that the order of injunction to be made absolute and not be confined to the State of Andhra Pradesh. The learned Single Judge disposed of both the appeals by a common judgment/order dated 29.12.2000. The appeal filed by the respondent company was dismissed and the appeal filed by the appellant was allowed.

16. Aggrieved by the said order of the learned Single Judge, the respondent company filed Letters Patent Appeals before the Division Bench of the High Court. The High Court vide impugned order allowed its appeals, decreeing the O.S. No.555 of 1999.

17. The appellant also aggrieved by the impugned judgment filed appeals and submitted that the courts below were not justified in granting relief which was not specifically prayed for in the plaint. The appellant further submitted that the High Court erred in holding that the copyrights of the respondent company were infringed in the absence of a prayer for infringement of copyrights. According to the appellant the Division Bench of the High Court erred in holding that they were passing-off the copyrights when the Copyright Act, 1957 does not provide for such a remedy.

18. The appellant also submitted that the courts below have not properly appreciated the distinction between the existence of a copyright and its infringement.

19. According to the appellants, the respondent company was aware of the appellant's business since at least 27.2.1995 and there has been a gross delay in filing of the suit and because of inordinate delay in approaching the court, the respondent company is not entitled to any relief.

20. The appellant further submitted that whether an action for passing-off could be maintained and injunction granted when a mark is used consisting of the word 'Eenadu', which is a common word. The word 'Eenadu' literally means 'Today' in Telugu and 'this land/our land' in Kannada, Tamil and Malayalam.

21. The appellant contended that the businesses of the appellant and the respondent company are entirely different and there is no question of passing-off of the goods of the appellant as that of the respondent company.

22. The respondent company denied all the averments of the appellant and submitted the following propositions.

“1. The essence of an action of passing-off is an attack on or dilution or benefitting from the goodwill and reputation of another person.

2. If such goodwill or reputation arises out of the use of a name in respect of a particular product and the goodwill and reputation is restricted only to such product and unknown outside such product then the use of such name by another person with respect to a totally different product would not affect the goodwill and reputation so as to constitute an action of passing-off

3. If, however, the goodwill and reputation is sufficiently wide and the name is associated with the source in a more general way rather than restricted only to a given product then the use of such name by another trader for even a totally different product could amount to a passing-off.

4. The exception to the three above propositions would be if such name is a generic name for the product being manufactured by the rival trader in which case it would never constitute an action of passing-off.

5. Again, if the said name is descriptive of the product of the rival trader, it would then amount to passing-off only if it is established that it has become a household name of such a nature as to have acquired a strong secondary meaning and it being associated substantially with the first trader, in which case alone it would amount to a passing-off. The standard of proof of such a case would be higher than the standard of proof of first three propositions.”

23. Mr. Mukul Rohtagi, learned senior counsel and Mrs. Prathiba Singh, learned counsel arguing on behalf of the appellant submitted that in the instant case the suit was in fact governed by Trade & Merchandise Marks Act, 1958 and not by the Trade Marks Act, 1999 which came into force w.e.f.15.9.2003. It was submitted that this case is covered under section 159(4) of the 1999 Act, which specifically provides that any legal proceedings pending in any court at the commencement of this Act would be governed by the old Act. Section 159(4) of the 1999 Act is reproduced as under:-

"159. (4) Subject to the provisions of section 100 and notwithstanding anything contained in any other provision of this Act, any legal proceeding pending in any Court at the commencement of this Act may be continued in that court as if this Act had not been passed."

Thus, none of the concepts of well-known marks, dilution etc. as statutorily applicable under the 1999 Act, have any application in this case. It is submitted that the present case, as decided by all the courts below, is a case of passing off and not of dilution.

24. In reply to the submission of the respondent company, learned counsel for the appellant submitted that the passing off test is the test of likelihood of confusion. Such confusion

should be either confusion arising due to get up of products, confusion as to sponsorship/affiliation of source or confusion arising out of the use of identical/deceptively similar trademarks.

25. Learned counsel for the appellant also submitted that dilution is a completely different concept, namely, if there is confusion, there is no dilution. The concept of dilution steps in when in fact the consumer is not being confused but the plaintiff's mark is being diluted in some form or the other. McCarthy, a well-known author on Trademarks and Unfair Competition clearly states the same in the said publication. Reliance is being placed at para 24.70 wherein it has been observed that "the dilution doctrine is concerned with granting protection to trademarks beyond that provided by the classic 'likelihood of confusion' tests."

26. According to the appellant, the principle of dilution requires that the consumer in fact should not be confused but a well-known mark, in the absence of confusion, is being diluted. In the United States of America, dilution is protected by a specific statute called the Federal Anti Dilution Act, 1996. The discussion on dilution in McCarthy establishes the following:-

- “a) The traditional likelihood of confusion test applies to passing off.
- b) If a mark is a well-known mark, then the argument of dilution is to be considered in the absence of confusion.
- c) Dilution is a doctrine which should be strictly applied.
- d) Standard of distinctiveness required to protect a mark from dilution is very high.
- e) Not every trade mark can be protected against dilution.
- f) If a mark enjoys a regional reputation it does not deserve protection under the law of dilution.
- g) A reputation on a national scale, especially while testing the mark for unrelated goods, is required to be protected under dilution.”

27. Learned counsel for the appellant submitted that under the traditional law of passing off or under the law of dilution, the only marks which have been protected across product category are marks which can easily be termed even in the common parlance as well-known marks. Such marks such as Bata, Volvo, Benz, Mahindra & Mahindra and Tata etc.

28. It was submitted that the case pleaded by the respondent company (plaintiff) is one of confusion and passing off and not of dilution. The standard for establishing dilution are completely different. There is neither a pleading in the present case alleging dilution, nor any evidence in support of dilution.

The standards for recognizing dilution have not been confirmed by any court of law in India and while deciding the present case in the courts below the threshold of dilution was never applied.

29. In India, the law on dilution has developed through case law going back to the Benz's case decided by the Delhi High Court in *Daimler Benz Aktiengesellschaft and another v. Hybo Hindustan AIR 1994 DELHI 239*. However, `Eenadu' cannot claim the distinctiveness or the reputation which is enjoyed by a mark like Benz or Harrods. `Eenadu' is a very ordinary word commonly used in Telugu language and to vest a monopoly in favour of the respondent company (plaintiff) for such a common word on the ground of dilution would result in conferring an undue monopoly to a generic/descriptive word.

There are several marks which are used in the ordinary language for different types of products, such as :-

“1. Time/Times Time Magazine, Time Education, Times London, Times of India, Navbharat Times, Hindustan Times, Times Now

2. Today India Today, Punjab Today, Today's Tea, Today's Contraceptive

3. Marvel Marvel Comics, Marvel Detergent

4. Sun, Surya, Oil, Lights & Bulbs, Tobacco Suraj

5. Metro Metro Shoes, Delhi Metro, Metro Walk Malls

6. Maruti Oil, Cars

7. Taj Hotels (Taj Hotels), Tea (Wah! Taj)

8. Citi Citi Bank, City Mall

9. Mustang Motel, Cars, Trailers

30. The learned counsel for the appellant submitted that `Eenadu' is a common word used in Telugu language. This has been fully established by the evidence on record.

31. He referred to the deposition of Jagannadharao, PW1, Law Officer of the plaintiff, who has stated that the literal meaning of the word `Eenadu' is `Today'.

32. According to the deposition of PW2, N. Swami, Artist, the meaning of the word `Eenadu' is `Today'.

33. Learned counsel for the appellant referred to deposition of PW5, R. Kumaraswamy, Advocate who has stated that literal meaning of the word `Eenadu' is `Today'.

34. The learned counsel referred to the deposition of PW6, T.V. Venugopal, the appellant herein. He has stated that the word `Eenadu' was specifically given for the purpose of `daily' prayer.

35. The learned counsel for the appellant submitted that the word `Eenadu' literally means "Today" or "This Day" and hence is not an invented word but is a generic/descriptive word used in common parlance. This is further proved by the fact that the word `Eenadu' has been used by several parties for various products which include :-

- “ - `Eenadu' Turmeric powder - even the script is the same
- `Eenadu' Cooperative Bank
- `Eenadu' Match Sticks - even the script is the same
- `Eenadu' Playing Cards
- `Eenadu' Ayurvedic Bath Soaps
- `Eenadu' Dresses
- `Eenadu' Chilly Powder - even the script is the same
- `Eenadu' Washing Powder
- `Eenadu' Coffee - even the script is the same
- `Eenadu' Telugu Feature Film
- `Eenadu' Tobacco - same script
- `Eenadu' Hotel
- `Eenadu' Marble Estate
- `Eenadu' Feature Film (The said film by UTV Production uses the word `Eenadu' in the same script as used by the respondent - (This particular film has, in fact, been featured for a review in the respondent's own newspaper dated 15.8.09 & 27.8.09 and copies of the same are attached. The music launch of this film was also featured in the newspaper of the respondents dt. 14.9.09. This film has at least 2 songs with the word `Eenadu'. One of the songs in the film called "Eenadu Eesamaram" which means "This Day, This War".

- A famous Kannada song - Eenadu Kannada, Eeneeru Kannada (This day is Kannada, This water is Kannada).

36. The appellant submitted that it is clear that `Eenadu' is a term which is used in the ordinary Telugu language and in Kannada and the same is acknowledged by the respondent company itself as is evident from the wide publicity given to the film in the respondent company's newspaper.

37. The appellant further submitted that the evidence relied upon by the respondent company in order to allege that `Eenadu' is a reputed and distinctive mark, is a compilation of documents handed over before this court during the course of arguments on 23.3.10. In order

to show that 'Eenadu' is a household name, an extract from Wikipedia printed on 13.4.09 was submitted by the respondent company before this court. In fact, all the other internet print-outs annexed by the respondent company are based on Wikipedia itself. It is the submission of the appellant that it is now an established position, internationally in law that Wikipedia does not have any evidentiary value in the court proceedings. The same has been held by the US Court of Federal Claims in Taylor Mary Campbell v. Secretary of Health and Human Services 69 Fed. Cl. 775 (2006) and by the US Court of Appeals in Lamilem Badasa v. Michael B. Mukasey 540 F.3d 909. As against the Wikipedia evidence, the actual evidence on record reveals the following:-

- “a) 'Eenadu' has a specific meaning in Telugu language and also has a meaning in Kannada language and possibly even in Malayalam;
- b) 'Eenadu' has been used by several parties in the same script without any objection whatsoever from the respondent company (barring 2 ex-parte injunctions).
- c) 'Eenadu' means "Today" or "This Day".
- d) The respondent company itself has acquiesced to 3rd party usage of the mark (including 'Eenadu' feature film by UTV).
- e) The respondent company's submission that this court ought to ignore the concrete documentary evidence and testimony and instead rely upon extracts from the Wikipedia to prove that 'Eenadu' is a household name, is not liable to be entertained.

38. Thus, 'Eenadu' does not enjoy the distinctiveness which the respondent company claim and in any event such distinctiveness does not span across all classes of goods and services.

39. The respondent company has argued before this court that the descriptive nature of the mark has to be determined with respect to the appellant's goods. This approach according to the appellant is completely erroneous. While determining the nature of the mark - for the purpose of registration or for the purpose of passing-off/infringement, the first inquiry which the court ought to carry out is to determine whether the applicant's/plaintiff's mark is invented, arbitrary/suggestive, descriptive or generic. The nature of the mark is always determined with respect to the plaintiff's/applicant's goods. For example, if a person applies for a trademark called "Extra Strong", the Registrar of trade mark has to examine whether the mark is descriptive or laudatory for the goods for which it is applied, i.e., the applicant's goods. The inquiry does not depend on the person opposing the use of the said mark. Thus, to hold that the nature of the mark has to be determined by the nature of the appellant's goods is stating the proposition in the reverse.

40. In the present case, the plaintiff/respondent company was conscious that 'Eenadu' is a descriptive mark and it is for this reason that in the plaint, the plaintiff (respondent) company has pleaded a secondary meaning with respect to their mark 'Eenadu'. If the plaintiff's case is based on 'Eenadu' being a distinctive mark, a suggestive mark and a well known mark, then there is no question of pleading secondary meaning to its mark. It is only with respect to descriptive marks that secondary meaning needs to be pleaded and considered by this court.

41. The argument of the respondent company is that 'Eenadu' is not a generic or descriptive mark but a suggestive mark. The difference between categorization as generic, descriptive or suggestive is as follows:-

\* A generic mark can never be a trademark

\* A descriptive mark can become a trademark if it acquires secondary meaning \* A suggestive mark is inherently distinctive

42. The line between suggestive marks and descriptive marks is very thin. Various commentaries including McCarthy have laid down the imagination test to determine as to whether a mark is descriptive or suggestive. When this test is applied to the mark 'Eenadu' for a newspaper, it is clear that the same is descriptive in nature inasmuch as it means 'Today', i.e. news for today. It does not require any imagination at all. Thus in the imagination test, if the mark describes a characteristic of the product - in the case of 'Eenadu' the newspaper, it refers to the characteristic of the newspaper, i.e., today's news. 'Eenadu' would therefore, be an expression which immediately describes a newspaper.

In fact with respect to its Agarbathies, 'Eenadu' would be a completely arbitrary term. However, with respect to newspapers, this is a descriptive term.

43. The appellant submitted that the entire object of including the 4th Schedule in the Trademark Rules is that marks are to be registered for the goods and services for the purpose for which they are used. Non-use of a mark entails rectification under section 46 of the 1958 Act. Thus, the entire object of trademarks is to confer monopoly of a particular individual or entity with respect to a mark for a particular category of goods or category of services. It is only in exceptional cases that a mark is protected across all product categories. If that was not the position, then every trademark owner whose mark enjoys a reputation in whatever limited field and for specific goods/services, would be able to claim monopoly for the mark with respect to all 42 classes of goods and services. This could never have been the intention of the Legislature. Even while establishing the criteria for the marks which are well-known, the legislature has thought it fit to deal with the reputation of such well-known marks by taking into consideration factors like section of the public, relevant geographical area etc. Thus, every trade mark is not entitled to protection across all categories as every trade mark does not automatically become a "well-known mark". If this was not the case, then there would come a time when most words would get monopolized across products and services which would not conform to the intention behind the Law of Trade Marks.

44. Every mark with a reputation cannot be determined as a well-known mark as reputation by itself does not escalate the mark into the position of a well-known mark. The reputation of a mark can be restricted to a particular territory, to a particular category of goods or services, to a particular category of population, to a particular linguistic section of public etc.

45. The appellant submitted that in most of the cases where absolute protection has been granted, extending it beyond the goods and services in which the plaintiff deals with, the mark or name has been an extremely distinctive mark. They have either invented the mark or

marks which are derived from surnames or marks are used across categories of products. The defendant's products may be confused from the other products originating from the plaintiff, but the plaintiff has to be dealing with more than one products or services with respect to the said mark/name.

46. In the present case, the evidence on record has established that the plaintiff/respondent company has only dealt with mark `Eenadu' for newspapers. The television channel is known as ETV where the word `Eenadu' is not used for the same. The evidence itself establishes the same. Further it is pertinent to note that:

7 There is not a single document showing that the respondent company is referred to as `Eenadu' Margdarshi's goods;

7 Priya is also a mark of pickles which is manufactured by the respondent company;

7 `Eenadu' pickles (if any) are not available in the local market;

7 ETV is the shortcut name for the `Eenadu' Television;

7 The respondent company does not manufacture incense sticks;

7 That `Eenadu' has been used to convey the literal meaning as "Today".

47. The appellant submitted that in the background of this evidence emanating from the plaintiff's main witness, it is evident that `Eenadu' is not a distinctive mark. It is in fact a descriptive mark. At best, a secondary meaning may accrue in its favour with respect to only newspapers and nothing more. Descriptive words which have been used only for one category of goods cannot claim across the board protection. `Eenadu' is not like Volvo or Kirloskar or Harrods or Benz.

48. `Eenadu' would fall in the category of marks like Shell, Safeguard, Flexgrip, Imperial, Skyline and Financial Times, Heat Piller, One Day Drycleaners, Instea, Kesh Nikhar, Whipp Toppings. All these words have not been granted protection across the board.

49. The respondent company has argued before this court that the appellant's adoption is dishonest in view of the similar scripts being used by the defendant. The script being used by the appellant is a standard block script in the Telugu language. The perusal of all the third party use of the mark `Eenadu' would reveal that almost every party uses the same script. Thus, there is no dishonesty in adoption of the same as the script is commonly used in Telugu language. Even the feature film which has been released in 2009 has used the same script. There is no dishonesty in the adoption of the mark `Eenadu' or the script `Eenadu'. The appellant went through the process of applying for a Search as prescribed under the Copyright Act. The appellant obtained a No- Objection in accordance with Section 45 of the Copyright Act and Rule 24(3) of the Trade Mark Rules, 1959.

50. The mark `Eenadu' meaning DAILY or TODAY, the appellant genuinely adopted the same to signify Daily use of Agarbathi, which is in fact used on a daily basis by persons performing puja. Thus, the appellant does have a valid and acceptable explanation for the adoption. It is submitted that for the appellant's goods, it is an arbitrary mark.

51. The appellant submitted that in order to establish the appellant's bona fides, the appellant is ready and willing to change the script and to prefix the word "Ashika" in order to distinguish itself from the respondent company and to ensure that there is no confusion as to source.

52. The appellant submitted that as long as the product is distinguishable from the product of the respondent company, the appellant prays that the injunction ought to be modified and the appellant ought to be permitting to adopt the carton which it has proposed to use before this court. It is incorrect that the trade made application for registration of the trade mark was subsequent to the issuance of the notice. The appellant submitted that the respondent company has not been able to establish bona fide conduct. This is established from the following facts:-

“a. According to the appellant, the mark `Eenadu' has been permitted by the respondent company to be in common use because the respondent company did not take action against all those who had been using the mark `Eenadu'.

b. According to the respondent company, the appellant stopped using the mark after caution notice was sent to the appellant in 1995 and then commenced using it in 1999. In 1995 the respondent company gave a notice restricting the grievance to Copyright. The grievance was restricted to a Disclaimer. After 1995 when the sales of the appellant began to increase from sales of two crores to the sales of approximately ten crores, then the suit was filed by the respondent company on a false plea in the plaint and obtained an ex-parte injunction.

53. The appellant submitted that the case law is clear that confusion as to source applies only when the source is not clearly stated. The appellant in the impugned carton has used the word Agarbathi along with the word `Eenadu'. However, Ashika's Eenadu completely distinguishes itself from the respondent company. A carton being proposed to be adopted by the appellant which would completely eliminate any remote chance of any confusion.

54. Mr. R.A. Sundaram, learned Senior Advocate argued on behalf of the respondent company. He submitted that `Eenadu' is not a common Telugu word meaning "Today" and is not a common word. He submitted that `Eenadu' has acquired secondary meaning and referred to and relied on the trial court findings in that respect. He submitted that the appellant failed to note that `Eenadu' Group is inter alia a publisher of a newspaper which is the second largest regional daily circulating in India and is the largest in Andhra Pradesh.

55. Mr. Sundaram submitted that the appellant is a Bangalore based company which started manufacturing its products in Bangalore under the name "Ashika" and had started selling its products in Andhra Pradesh in 1995. The appellant started using the name 'Eenadu' for its Agarbathies and used same artistic script, font and method of writing the name cannot be a co-incidence. The appellant is a Karnataka company after adoption of the name 'Eenadu' accounted for 90% of the sale of their product Agarbathies. The appellant was restrained from using the word 'Eenadu' in the State of Andhra Pradesh, their sales have dropped by 10 times although they continued to sell the product under the name "Ashika". The appellant glossed over the fact of being manufacturer of Agarbathies as is inexplicable as to why they had applied for registration of name 'Eenadu' not just for Agarbathies but inasmuch as 34 classes of the Trade Marks Act for goods which they do not even produce or do not have any intention to produce which would itself show the intention that they can trade on the respondent company's household name and goodwill and reputation. According to the respondent company, all these facts clearly show that adoption of name 'Eenadu' was by no means innocent but was intended to capitalize and derive benefit on the goodwill and reputation of the respondent company which is impressible.

56. Mr. Sundaram submitted the basic underlying fallacy is that since after all the readers of a newspaper are literate and, therefore, would be able to make out that the Agarbathies are by the name "Ashika Eenadu" or that it comes from a different source, overlooks completely that it is the purchaser of the Agarbathies and not the purchaser of newspaper that we are concerned with. The goodwill sought to be cashed in is the name 'Eenadu' by the appellant who is selling Agarbathies and the person so deceived is not the purchaser of the newspaper but the purchaser of the Agarbathies. To say that all the purchasers of Agarbathies are illiterate people is a basic fallacy since the purchasers of Agarbathies will transcend all classes of people in the society. The entire submission, therefore, overlooks the basic fact that the purchaser of the Agarbathies would be deceived into believing that the said Agarbathies also come from the House of 'Eenadu' and thereby they would be deceived as to the source of the product, and this cashing in on the goodwill and reputation of the respondent company is impressible in law.

57. The respondent company's reply to the appellant's contention that 'Eenadu' is not a household name since it only deals with newspaper is complete fallacy because the group is known as "Eenadu Margadarshi Group" and the meaning of 'Eenadu' in various publications is stated to be the respondent company's group. Furthermore, it also overlooked that in actual fact there are various products which are also being produced and sold by the respondent company under the business name of 'Eenadu'. It is also relevant to mention that the 'Eenadu' TV Channel (also known as ETV) is one of the most popular channels and, therefore, the word 'Eenadu' has come to be completely associated with the respondent company group and in fact is a household name. He has referred to the findings of the Trial Court, the High Court and that of the learned Single Judge and submitted that such findings are not unreasonable so as to require interference under section 136 of the Constitution.

58. Mr. Sundaram submitted that 'Eenadu' is not a generic name, but in fact would be a 'fancy' name outside the State of Andhra Pradesh and within the State of Andhra Pradesh it

is a name which is not in common use, and therefore, would be a 'fancy' name. In any event, 'Eenadu' is not generic in the Trade Mark's sense of the word since it is not the use of the product name itself. What is meant by generic for Trade Mark law is that when you call a cake a cake or a shoe a shoe. When a shoe is called a cake or a cake is called a shoe, it is neither descriptive nor generic. On the contrary, it is 'fancy'. The name 'Eenadu', therefore, for any of the products of the respondent company would not be a generic name at all. The appellant overlooks that his complaint as to name being generic can only arise qua product using generic or descriptive name. It is nobody's case that 'Eenadu' is descriptive of Agarbathi.

59. All the cases, i.e., Newseek, Ovenchips, MaltedMilk, Shredded Wheat etc. were cases where the appellant wanted exclusivity of the name which was descriptive of their product and the respondent company who was manufacturing a similar product objected to the exclusivity on the ground that the name was descriptive of the product in question. In this case, for the application of the judgments the following must arise:- are the appellant and the respondent company dealing in the name product? This is not so. is the word 'Eenadu' descriptive of the respondent company's product (i.e. Agarbathies)? This is no so.

60. Mr. Sundaram while dealing with the scope of passing off action submitted that the law of passing off can be summarized in one short general proposition - no man may pass off his goods as those of another. More specifically, it may be expressed in terms of the elements which the appellant in such an action has to prove in order to succeed. These are there in number.

“a) He must establish a goodwill or reputation attached to the goods or services which he supplies in the mind of the purchasing public by association with the identifying 'get-up' (whether it consists simply of a brand name or a trade description, or the individual features of labeling or packaging) under which his particular goods or services are offered to the public, such that the get-up is recognized by the public as distinctive specifically to the appellant's goods or services.

b) He must demonstrate a misrepresentation by the respondent company to the public (whether or not intentional) leading or likely to lead the public to belief that the goods or services offered by him are the goods or services of the appellant and the source of such goods or services is the appellant even if the appellant does not make such products.

c) He must demonstrate that he suffers or, in a quia timet action, that he is likely to suffer damage by reason of the erroneous belief engendered by the respondent company's misrepresentation that the source of the respondent company's goods or service is the same as the source of those offered by the appellant.

d) Alternatively, the appellant must show that the description or confusion in the public is that the source of the respondent company's product that they are buying is the appellant.”

61. Learned counsel placed reliance on the following passage from a well-known case *Reddaway & Co. and Another v. Banham & Co. and Another*<sup>1</sup> which reads as under:-

"The name "Glenfield" had become associated with the starch manufactured by the plaintiff, and the defendant, although he established his manufactory at Glenfield, was restrained from using that word in connection with his goods in such a way as to deceive. Where the name of a place precedes the name of an article sold, it *prima facie* means that this is its place of production or manufacture. It is descriptive, as it strikes me, in just the same sense as "camel hair" is descriptive of the material of which the plaintiff's belting is made. Lord Westbury pointed out that the term "Glenfield" had acquired in the trade a secondary signification different from its primary one, that in connection with the word starch it had come to mean starch which was the manufacture of the plaintiff. In *Massam v. Thorley's Cattle Food Co.* just referred to, James L.J. said:

"The defendant was actually manufacturing starch at Glenfield, having gone thither for the purpose of enabling him to say that he was manufacturing it at Glenfield. The House of Lords said the mere fact that he was really carrying on his manufacture at Glenfield, and was not therefore telling a lie, did not exempt him from the consequence of the fact that his proceedings were intended and calculated to produce on the mind of the purchasers the belief that his article was the article of the plaintiffs."

62. The House of Lords was justified in observing that fallacy lies in overlooking the fact that a word may acquire in a trade a secondary signification differing from its primary one, and that if it is used to persons in the trade who will understand it, and be known and intended to understand it in its secondary sense, it will none the less be a falsehood that in its primary sense it may be true. A man who uses language which will convey to persons reading or hearing it a particular idea which is false, and who knows and intends this to be the case, is surely not to be absolved from a charge of falsehood because in another sense which will not be conveyed and is not intended to be conveyed it is true. In the present case the jury have found that there was ample evidence to justify it, that the words "camel hair" had in the trade acquired a secondary signification in connection with belting, that they did not convey to persons dealing in belting the idea that it was made of camel's hair, but that it was belting manufactured by the plaintiffs. They have found that the effect of using the words in the manner in which they were used by the defendants would be to lead purchasers to believe that they were obtaining goods manufactured by the plaintiffs, and thus both to deceive them and to injure the plaintiffs. On authority as well as on principle, the court granted relief to the plaintiffs.

63. Mr. Sundaram also placed reliance on *Reckitt & Colman Products Ltd. v. Borden Inc. and others*<sup>2</sup> - where the court has dealt with general law applicable to passing off of action. In that case the court observed thus:-

"The basic underlying principle of such an action was stated in 1842 by *Lord Langdale M.R. in Perry v. Truefitt*<sup>3</sup> to be: "A man is not to sell his own goods under the pretence that they are the goods of another man.....". Accordingly, a misrepresentation achieving such a result is actionable because it constitutes an invasion of proprietary rights vested in the plaintiff. However, it is a prerequisite of any successful passing off action that the plaintiff's goods have acquired a reputation in the market and are known by some distinguishing feature. It is also a prerequisite that the misrepresentation has deceived or is likely to deceive and that the plaintiff is likely to suffer damage by such deception. Mere confusion which does not lead to a sale is not sufficient. Thus, if a customer asks for a tin of black shoe polish without specifying any brand and is offered the product of A which he mistakenly believes to be that of B, he may be confused as to what he has got but he has not been deceived into getting it. Misrepresentation has played no part in his purchase".

64. He also relied on the judgment of this court in *Ruston & Hornsby Ltd. v. The Zamindara Engineering Co*<sup>4</sup>. - wherein the court observed as under:-

"The distinction between an infringement action and a passing off action is important. Apart from the question as to the nature of trade mark the issue in an infringement action is quite different from the issue in a passing off action. In a passing off action the issue is as follows :

"Is the defendant selling goods so marked as to be designed or calculated to lead purchasers to believe that they are the plaintiff's goods?"

But in an infringement action the issue is as follows:

"Is the defendant using a mark which is the same as or which is a colourable imitation of the plaintiff's registered trade mark ?"

65. He also relied on *Laxmikant V. Patel v. Chetanbhai Shah and Another* - 2002 (3) SCC 65. This court observed as under:-

"A person may sell his goods or deliver his services such as in case of a profession under a trading name or style. With the lapse of time such business or services associated with a person acquire a reputation or goodwill which becomes a property which is protected by courts. A competitor initiating sale of goods or services in the same name or by imitating that name results in injury to the business of one who has the property in that name. The law does not permit any one to carry on his business in such a way as would persuade the customers or clients in believing that he goods or

services belonging to someone else are his or are associated therewith. It does not matter whether the latter person does so fraudulently or otherwise. The reasons are two. Firstly, honesty and fair play are, and ought to be, the basic policies in the world of business. Secondly, when a person adopts or intends to adopt a name in connection with his business or services which already belongs to someone else it results in confusion and has propensity of diverting the customers and clients of someone else to himself and thereby resulting in injury."

66. Mr. Sundaram also placed reliance on a judgment of this court in *Satyam Infoway Ltd. v. Sifynet Solutions (P) Limited* - 2004 (6) SCC 145. The relevant passage is reproduced as under:-

"The next question is would the principles of trade mark law and in particular those relating to passing off apply? An action for passing off, as the phrase "passing off" itself suggests, is to restrain the defendant from passing off its goods or services to the public as that of the plaintiff's. It is an action not only to preserve the reputation of the plaintiff but also to safeguard the public. The defendant must have sold its goods or offered its services in a manner which has deceived or would be likely to deceive the public into thinking that the defendant's goods or services are the plaintiff's. The action is normally available to the owner of a distinctive trademark and the person who, if the word or name is an invented one, invents and uses it. If two trade rivals claim to have individually invented the same mark, then the trader who is able to establish prior user will succeed. The question is, as has been aptly put, who gets these first? It is not essential for the plaintiff to prove long user to establish reputation in a passing off action. It would depend upon the volume of sales and extent of advertisement."

67. Mr. Sundaram also relied on *Ramdev Food Products (P) Limited v. Arvindbhai Rambhai Patel and Others* - 2006 (8) SCC 726 as under:-

"A trade mark is the property of the manufacturer. The purpose of a trade mark is to establish a connection between the goods and the source thereof which would suggest the quality of goods. If the trade mark is registered, indisputably the user thereof by a person who is not otherwise authorised to do so would constitute infringement. Section 21 of the 1958 Act provides that where an application for registration is filed, the same can be opposed. Ordinarily under the law and, as noticed hereinbefore, there can only be one mark, one source or one proprietor. Ordinarily again right to user of a trade mark cannot have two origins. The first respondent herein is a rival trader of the appellant-Company. It did not in law have any right to use the said trade mark, save and except by reason of the terms contained in the MOU or continuous user. It is well-settled that when defences in regard to right of user are set up, the onus would be on the person who has taken the said plea. It is equally well-settled that a person cannot use a mark which would be deceptively similar to that of the registered trade mark. Registration of trade marks is envisaged to remove any confusion in the minds of the consumers. If, thus, goods are sold which are produced from two sources, the

same may lead to confusion in the minds of the consumers. In a given situation, it may also amount to fraud on the public. A proprietor of a registered trade mark indisputably has a statutory right thereto. In the event of such use by any person other than the person in whose name the trade mark is registered, he will have a statutory remedy in terms of Section 21 of the 1958 Act. Ordinarily, therefore, two people are not entitled to the same trade mark, unless there exists an express licence in that behalf."

68. He also relied on *Harrods Limited v. R. Harrod Limited* - (1924) RPC 74 where the court observed as under:-

".....it seems to me to be quite clear that where there is fraud the Court can interfere and there is fraud where you find a particular name taken by a defendant, a well known fancy name, which could not be taken for a legitimate purpose, and a name which is taken, to use Lord Justice Buckley's words, for the purpose of posing as being some person whom you are not. In *Aerators Limited v. Tollitt* (L.R. (1902) 2 Ch., p.319), Mr. Justice Farwell, said this, that you can interfere where the use of the particular name is calculated to deceive, even though it does not point to intentional fraud, and it is a question of fact in each case as to whether or not the names were so alike as to induce the belief that the companies are identical. So that, where there is fraud, the court can interfere, and where the names are so alike as to be calculated to deceive it can interfere. Further it may draw the inference that there is fraud where there is an attempt to pose as being a particular business firm when you are not, and are not entitled to use their name."

69. Mr. Sundaram also placed reliance on *Harrods Limited v. Harroddian School Limited* (1996) RPC 697. In this case the court held that the manifold services and activities for which the plaintiffs are known, and the wide field of recognition of the name "Harrods", would lead to an assumption that, the plaintiffs are in some way are connected, associated or mixed-up with the school which bears their name in its adjectival form. The court also observed that Erosion of distinctiveness of a brand name had been recognized as a form of damage to the goodwill of a business with which the name is connected in a number of cases, but unless care was taken this could mark an unacceptable extension of the law of passing off.

70. Learned counsel for the respondent company also relied on a judgment of this Court in the case of *Midas Hygiene Industries (P) Ltd. and another v. Sudhir Bhatia and others* (2004) 3 SCC 90. The court observed that the law on the subject is well settled. In cases of infringement either of trade mark or of copyright, normally an injunction must follow. Mere delay in bringing action is not sufficient to defeat grant of injunction in such cases. The grant of injunction also becomes necessary if it prima facie appears that the adoption of the mark was itself dishonest.

71. Mr. Sundaram also relied on a judgment of the Delhi High Court in the case of *Madhubhan Holiday Inn v. Holiday Inn Inc.* 100 (2002) DLT 306 (DB) (on which one of us,

Dalveer Bhandari, J. was the author). The Division Bench of the High Court observed as under:

"... the adoption of the words "Holiday Inn" by the appellants is ex facie fraudulent and mala fide from the very inception. The words "Holiday Inn" have been adopted by the appellant to ride on the global reputation of the respondent. The appellant was actuated by bad faith and dishonest motive. In the facts and circumstances, the learned Single Judge was fully justified in granting the injunction and decreeing the suits in order to protect the commercial goodwill and to ensure that the global business reputation of the respondent is not exploited by the appellants in a clandestine manner."

72. Learned counsel for the respondent company also submitted that where a trade/business name has acquired a reputation such as it has become a household name. In such a case anyone who uses the identical name albeit in a different field of business altogether would be guilty of passing off by cashing in on the reputation and goodwill of the business of the plaintiff and would be restrained.

73. Mr. Sundaram also placed reliance on the judgment of Harroddian School Limited (supra). The court observed as under:

"The absence of any common field of activity: This is of particular significance in the present case. The judge correctly directed himself as to the law; he cannot be faulted in the way in which he applied it. It is not merely that the plaintiffs have never run a school and have no established reputation for doing so; or even that the nature of the parties' respective businesses are as dissimilar as can well be imagined. It is rather that the commercial reputation for excellence as a retailer which the plaintiffs enjoy would be regarded by the public as having no bearing upon their ability to run a school. Customers of the plaintiffs would be surprised to learn that Harrods had ventured into the commercial theatre; they would, I think, be incredulous if they were told that Harrods had opened a preparatory school."

74. The respondent company also placed reliance on a judgment of this Court in the case of Mahendra & Mahendra Paper Mills Limited v. Mahindra & Mahindra Limited (2002) 2 SCC 147 wherein this Court observed as under:

"Judging the case in hand on touchstone of the principles laid down in the aforementioned decided cases, it is clear that the plaintiff has been using the word "Mahindra" and "Mahindra & Mahindra" in its companies/business concerns for a long span of time extending over five decades. The name has acquired a distinctiveness and a secondary meaning in the business or trade circles. People have come to associate the name 'Mahindra' with a certain standard of goods and services. Any attempt by another person to use the name in business and trade circles is likely to and in probability will create an impression of a connection with the plaintiffs' group of companies. Such user may also effect the plaintiff prejudicially in its

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

75. Mr. Sundaram also relied on a judgment of this court in the case of *Bata India Limited v. Pyare Lal & Company, Meerut City & Ors.* AIR 1985 All 242] the Allahabad High Court observed that considering the plea of passing-off or enabling others to pass-off mattresses, sofa cushions and other articles associating them with the name of "Bata" in any manner or form held that:

"The name `Bata' was well known in the market and the user of such a name is likely to cause not only deception in the mind of an ordinary customer but may also cause injury to the plaintiff Company. The fact that the plaintiff was not producing form was not enough to hold that there could be no passing- off action in respect of the user of the name `Bata' to the products marketed by the defendants. The use of the name or mark `Bata' by the defendants is indicative of their intent."

76. Learned counsel for the respondent company also relied on a judgment of Delhi High Court in the case of *Diamler Benz Aktiegesellschaft (supra)* wherein the Court observed as under:

"... ..The boxes in which the defendant sells its undergarments for men, and the representation thereon is of a man with his legs separated and hands joined together above his shoulder, all within a circle, indicate, the strong suggestion of the link between the three pointed star of "Mercedes Benz" car and the undergarment's sold by the defendant. In my view, this cannot be considered to be a "honest concurrent user" by the defendant of the above said symbol."

The Court also observed in the said case that:

"There are marks which are different from other marks. There are names which are different from other names. There are names and marks which have become household words. "Benz" as name of a Car would be known to every family that has ever used a quality car. The name "Benz" as applied to a car, has a unique place in the world. There is hardly one who is conscious of existence of the cars/automobiles, who would not recognize the name "Benz" used in connection with cars. Nobody can plead in India, where "Mercedes Benz" cars are seen on roads, where "Mercedes"

have collaborated with Tatas, where there are Mercedes Benz Tata trucks have been on roads in very large number, (known as Mercedes Benz Trucks, so long as the collaboration was there), who can plead that he is unaware of the word "Benz" as used with reference to car or trucks. In my view, the Trade Mark law is not intended to protect a person who deliberately sets out to take the benefit of somebody else's reputation with reference to goods, especially so when the reputation extends world wide. By no stretch of imagination can it be said that use for any length of time of the name "Benz" should be not objected to."

The Court further observed as under:

"However, if despite legal notice, any one big or small, continues to carry the illegitimate use of a significant world wide renowned name/ mark as is being done in this case despite notice dated 09-12-1989, there cannot be any reason for not stopping the use of a world reputed name. None should be continued to be allowed to use a world famed name to goods which have no connection with the type of goods which have generated the world wide reputation. In the instant case, "Benz" is a name given to a very high priced and extremely well engineered product. In my view, the defendant cannot dilute, that by user of the name "Benz" with respect to a product like under-wears."

77. Mr. Sundaram placed reliance on Harrods Limited (*supra*) where the Court observed as under:

"Messrs. Harrods Limited, a long established and well known Company whose business included a banking department but who were precluded by their Articles of Association from carrying on a moneylenders business brought an action against R. Harrod Limited, a Company registered in August, 1923, with the object of carrying on the business of a registered moneylender. The plaintiffs applied for an interlocutory injunction "to restrain the Defendant Company, its servants and agents until judgment or further order from carrying on business under the name R. Harrod Limited or under any name comprising the word "Harrod" likely to mislead the public into the belief that the Defendant Company was connected with the Plaintiff Company or that the business of the Defendant Company was the same as or in any way connected with the business of the Plaintiff Company."

78. Learned counsel for the respondent company submitted that the scope of passing-off action is wider than in an infringement of trademark or copyright action. Therefore, in an action of passing-off, an injunction can be granted even against a registered trademark holder.

79. Learned counsel for the respondent company also relied on a judgment of this Court in the case of *N.R. Dongre and others v. Whirlpool Corporation and another* (1996) 5 SCC 714. In this case this Court affirmed the concurrent findings of the single Judge, as affirmed on appeal by the division bench of the Delhi High Court and observed that:

"... ..adopting the mark `Whirlpool' when business in washing machines was being carried out earlier in other names, which at this stage, is supportive of the plea of unfair trading activity in an attempt to obtain economic benefit of the reputation established by Plaintiff 1, whose name is associated with the mark `Whirlpool'. ... .."

80. Mr. Sundaram also submitted that common words with strong primary meaning retain the said meaning and protection would then be granted only qua the product for which such common word is used viz. Sun TV, Moon, Earth etc. In this connection learned counsel for the respondent company relied on a case of this Court in the case of Godfrey Philips India Limited v. Ginnar Food & Beverages (P) Limited (2004) 5 SCC 257 where this court observed as under:

"Without going into the question whether the conclusion arrived at by the Division Bench that the trade mark is descriptive is correct or not, it appears to us, and as is conceded by both parties before us, that the enunciation of principle of law with regard to the protection available even in respect of the descriptive trade mark was wrong. A descriptive trade mark may be entitled to protection if it has assumed a secondary meaning which identifies it with a particular product or as being from a particular source. ... .."

81. Learned counsel for the respondent company also relied on a judgment of Delhi High Court in the case of Info Edge (India) Private Limited and another v. Shailesh Gupta and another 98 (2002) DLT 499 where the Court observed that:

"It was sought to be submitted by the counsel appearing for the defendant that the word 'Naukri' cannot assume a significance of a trademark, as the same is generic. The word 'Naukri', would be a descriptive word as it denotes and describes the nature of work and business offered by the plaintiff. The plaintiff has chosen to use the domain name 'Naukri.Com', which is descriptive of the business, the plaintiff carries on i.e. it gives information to its subscribers about the availability of jobs and employment in various establishments, concerns and offices and the manner in which request for employment could be made and, therefore, it is a service offered by the plaintiff relating to job opportunity and situation and giving guidance thereto and, therefore, the same is a descriptive word. It is also a settled law that the distinction between the generic word and descriptive word is very thin and such word could also assume a secondary meaning by its long user by a person, who establishes his reputation in the market. If a product of a particular character or composition is marketed in a particular area or place under a descriptive name and gained a reputation there under, that name which distinguished it from competing products of different composition, the goodwill in the name of those entitled to make use of it there was protected against deceptive use there of the name of competitors. In Erven Warnink by and Ors. v. J Townend & Sons (Hull) Ltd. and Ors. reported in (1979) 2

All ER, it was held that whether the name denoted a product made from ingredients from a particular locality or whether the goodwill in the name was the result of the product being made from particular ingredients regardless of their provenance, since it was the reputation that the product itself had gained in the market by reason of its recognisable and distinctive qualities which had generated the relevant goodwill. In the said case, the trademark was the name of a spirit-based product called ADVOCAAT. The said product had gained a reputation and goodwill for that name in the English market and the defendants were seeking to take advantage of that name by misrepresenting that their wine-based product was of the same type as ADVOCAAT."

82. Mr. Sundaram placed reliance on a judgment of House of Lords in the case of Office Cleaning Services Limited v. Westminster Office Cleaning Association 1944 (2) All E R 269, where the court observed that the word 'office cleaning' was held to be a descriptive word, for it is a descriptive of the business they carry on. It was held that the plaintiff could assume or establish monopoly on the said word only when they show that they have acquired a secondary or subsidiary meaning. The aforesaid legal principle is well-settled and even the counsel for the defendant did not dispute the aforesaid position.

83. In Halsbury's Laws of England, Volume 48 Fourth edition at page 190, it is stated that it is possible for a word or phrase, which is wholly descriptive of the goods or services concerned, to become so associated with the goods or services of a particular trader that its use by another trader is capable of amounting to a representation that his goods or services are those of the first trader and that although the primary meaning of the words is descriptive, they have acquired a secondary meaning as indicating the products of a particular trader.

84. In McCarthy on Trademarks and Unfair Competition Vol. 2 3rd Edition in para 12.5 (2) it is stated that in order to obtain some form of relief on a "passing off" claim, the user of a generic term must prove some false or confusing usage by the newcomer above and beyond mere use of generic name.

85. The contention of the defendant is that adjectives are normally descriptive words and nouns are generic word. However, McCarthy has said that the said "part of speech" test does not accurately describes the case law results. therefore, such a criteria cannot be accepted as a safe and sound basis to ascertain as to whether a particular name is generic or descriptive. Besides, even assuming that the said word is generic yet if it is found by the court that such a mark has attained distinctiveness and is associated with the business of the plaintiff for considerable time and thereafter the defendant adopts a similar word as one of his two marks to induce innocent internet users to come to the website of the defendant, which establishes dishonest intention and bad faith, would the court still be not granting injunction to protect the business of the plaintiff? The answer to the said question has to be an emphatic 'No'. User of similar word by a competitor coupled with dishonest intention and bad faith would empower a court to restrain such user/misuser to do equitable justice to the aggrieved party.

86. Learned counsel for the respondent company also submitted that the use of the word by another would result in diminishing the distinctiveness of the word qua the good and reputation of the plaintiff.

87. Mr. Sundaram also placed reliance on *Taittinger and others v. Allbev Limited and others* (1994) 4 All E R 75. The relevant passages are reproduced as under:

"... ..Further it cannot be right that the larger the scale of the activities of a trader suing in passing off, the less protection it will receive from the Court because of a comparison with the scale of the activities of a defendant who trades on a smaller scale. The question is whether the relevant activities of the defendants are on such a small scale leading to such a small injury that it can be ignored. On the evidence of the defendants' sales, I find it impossible to say that is the case here. But in my judgement the real injury to the champagne houses' goodwill comes under a different head and although the judge refers to Mr. Sparrow putting the point in argument, he does not deal with it specifically or give a reason for its undoubted rejection by him. Mr. Sparrow had argued that if the defendants continued to market their product, there would take place a blurring or erosion of the uniqueness that now attends the word champagne, so that the exclusive reputation of the champagne houses would be debased. He put this even more forcefully before us. He submitted that if the defendants are allowed to continue to call their product Elderflower Champagne, the effect would be to demolish the distinctiveness of the word champagne, and that would inevitably damage the goodwill of the champagne houses. In *Advocaat* case [1980] RPC 31 at first instance Goulding J. held that one type of damage was 'a more gradual damage to the plaintiffs' business through depreciation of the reputation that their goods enjoy.' He continued: Damage of [this] type can rarely be susceptible of positive proof. In my judgement, it is likely to occur if the word 'Advocaat' is permitted to be used of alcoholic egg drinks generally or of the defendants' product in particular. In the House of Lords in that case Lord Diplock referred to that type of damage to goodwill as relevant damage, which he described as caused 'indirectly in the debasement of the reputation attaching to the name "advocaat. ..."

In *Vine Products Ltd. v. Mackenzie & Co. Ltd.* Cross J., [1969] RPC 1 commenting with approval on the decision of Danckwerts J. in *Bollinger v. Costa Brava Wine Co. Ltd.* (No. 2) said:

[Danckwerts J.] thought, as I read in his judgment, that if people were allowed to call sparkling wine not produced in Champagne 'Champagne,' even though preceded by an

adjective denoting the country of origin, the distinction between genuine Champagne and 'champagne type' wines produced elsewhere would become blurred; that the word 'Champagne' would come gradually to mean no more than 'sparkling wine'; and that the part of the plaintiffs' goodwill which consisted in the name would be diluted and gradually destroyed.

That passage was referred to approvingly by Gault J. in *Wineworths Group Limited v. Comite Interprofessionel du Vin de Champagne* [1992] 2 NZLR 327. In that case the sale of Australian sparkling wine under the name champagne was held to constitute passing off. The New Zealand Court of Appeal upheld the decision of Jeffries J. who had held in *C.I.V.C. v. Wineworths*: By using the word champagne on the label the defendant is deceptively encroaching on the reputation and goodwill of the plaintiffs. [1991] 2 NZLR 432. Jeffries J. had no doubt that if relief was not granted the plaintiffs would most certainly suffer damage if the word was used on all or any sparkling wine sold in New Zealand. He thought the ordinary purchaser in New Zealand without special knowledge on wines was likely to be misled. Gault J. after agreeing with Jeffries J. on deception said (at p.343): I find the issue of damage or likely damage to the goodwill with which the name 'Champagne' is associated equally obvious in light of the finding that there is in fact an established goodwill in New Zealand. I have no doubt that erosion of the distinctiveness of a name or mark is a form of damage to the goodwill of the business with which the name is connected. There is no clearer example of this than the debasing of the name 'Champagne' in Australia as a result of its use by local wine makers. By parity of reasoning it seems to me no less obvious that erosion of the distinctiveness of the name champagne in this country is a form of damage to the goodwill of the business of the champagne houses. There are undoubtedly factual points of distinction between the New Zealand case and the present case, as Mr. Isaacs has pointed out, and he placed particular reliance on the fact that in the New Zealand case as well as in *Bollinger v. Costa Brava Wine Co. Ltd. (No. 2)*, the Court held that there was a deliberate attempt to take advantage of the name champagne, whereas in the present case the judge found no such specific intention. In general it is no doubt easier to infer damage when a fraudulent intention is established. But that fact does not appear to have played any part in the reasoning on this particular point either of Jeffries J. or of Sir Robin Cooke P., who thought the case exemplified the principle that a tendency to impair distinctiveness might lead to an inference of damage to goodwill [1992] 2 NZLR 327, or of Gault J.; nor in logic can I see why it should. It seems to me inevitable that if the defendants, with their not insignificant trade as a supplier of drinks to Sainsbury and other retail outlets, are permitted to use the name Elderflower Champagne, the goodwill in the distinctive name champagne will be eroded with serious adverse consequences for the champagne houses. In my judgement therefore the fifth characteristic identified in *Advocaat* case is established. I can see no exceptional feature to this case which would justify on grounds of public policy withholding from the champagne houses the ordinary remedy of an injunction to restrain passing off. I would therefore grant an injunction to restrain the defendants from selling, offering for sale, distributing and describing, whether in advertisements or on labels or in any other way, any beverages, not being wine produced in Champagne, under or by reference to the word champagne. That injunction, I would, emphasise, does not prevent the sale of the defendants' product, provided it is not called champagne."

88. Learned counsel for the respondent company also submitted that the protection qua common field of activity has now expanded and been interpreted to mean extending to other

product lines than what is manufactured by the plaintiff and hence common field of activity is not restricted to same or similar products but extend to all other products. The test of common field of activity now accepted is that of "common class of consumers". The reason for this is the likelihood of such consumers identifying the Defendant's goods as originating from the same source as the plaintiff. The question therefore would be, whether from the factual situation, an inference can be drawn that a purchaser of the Defendant's product could assume such product as originating from the plaintiff.

89. He also relied on *Kamal Trading Co., Bombay and Others v. Gillette U.K. Limited* [1988] IPLR 135 wherein it has been observed that:

"... ..the plaintiffs have not established any of the conditions required for grant of interim relief. It was submitted that the goods manufactured by the plaintiffs and the defendants are different in nature; the plaintiffs manufacture blades, while the defendants manufacture "tooth brushes". The goods of the plaintiffs and the defendants are not available in the same shop and the customers of these goods are different. The goods sold by the plaintiffs are blades and fall in class 8, while those of the defendants are tooth brushes which fall in class 21. Relying on these circumstances, it was merit in this submission. In the first instance, the assumption of the learned counsel that the class of customers for purchase of safety blades and tooth brushes are different and these goods are not available in the same shop is wholly misconceived. We take judicial notice of the fact that these goods are available in every shop including a small shop and each and every person is required to purchase these goods. ... .."

90. Mr. Sundaram also relied on *Honda Motors Company Limited v. Charanjit Singh & Others* (101 (2002) DLT 359) wherein it has been observed that:

"The case of the plaintiff is in fact based on passing off action and not for infringement of the trade mark. It has never been the case of the plaintiff that the two sets of goods are identical. The concept of passing off, which is a form of tort has undergone changes with the course of time. The plaintiff now does not have to be in direct competition with the defendant to suffer injury from the use of its trade name by the defendants."

The court further observed that:

"In the present case the plaintiff's mark HONDA has acquired a global goodwill and reputation. Its reputation is for quality products. The name of HONDA is associated with the plaintiff's especially in the field of automobiles and power equipments on account of their superior quality and high standard. The plaintiff's business or products under the trade mark HONDA has acquired such goodwill and reputation that it has become distinctive of its products and the defendants' user of this mark for their product "Pressure Cooker" tends to mislead the public to believe that the defendants business and goods are that of the plaintiff. Such user by the defendants

has also diluted and debased the goodwill and reputation of the plaintiff. As observed above, the concept of passing off is a tort and with the passage of time, with the developing case law it has changed and now the two traders need not necessarily operate in the same field so as to suffer injury on account of the goods of one trader being passed off as those of the other. With the changed concept of passing off action, it is now not material for a passing off action that the plaintiff and the defendant should trade in the same field. I find that some business are truly international in character and the reputation and goodwill attached to them cannot in fact be held being international also. The plaintiff's business is of international character and obviously the reputation and goodwill attached to its trade mark HONDA is also of international repute. The plaintiff's trade mark HONDA, which is of global repute, is used by the defendants for a product like pressure cooker, to acquire the benefit of its goodwill and reputation so as to create deception for the public who are likely to buy defendant's product believing the same as coming from the house of HONDA or associated with the plaintiff in some manner. By doing so, it would dilute the goodwill and reputation of the plaintiff and the wrong committed by the defendants would certainly be an actionable wrong and the plaintiff is within its rights to ask for restraint against the defendants from using its mark HONDA for their products."

91. From the above discussions, the following two situations arise:

"i. Where the name of the plaintiff is such as to give him exclusivity over the name, which would ipso facto extend to barring any other person from using the same. viz. Benz, Mahindra, Caterpillar, Reliance, Sahara, Diesel etc. ii. The plaintiff's adopted name would be protected if it has acquired a strong enough association with the plaintiff and the defendant has adopted such a name in common field of activity i.e. the purchasers test as to whether in the facts of the case, the manner of sale, surrounding circumstances etc. would lead to an inference that the source of product is the plaintiff."

92. Learned counsel for the respondent company also submitted that once there is a dishonest intention to adopt the mark a mere delay in bringing an action will not be defeated because in case of continuing tort fresh period of limitation begins to run every moment of the time during which the breach continues.

93. Mr. Sundaram relied on a case of this court in M/s. Bengal Waterproof Limited Vs. M/s. Bombay Waterproof Manufacturing Company and Another (1997) 1 SCC 99 wherein it has been observed that:

"... ..It is now well settled that an action for passing off is a common law remedy being an action in substance of deceit under the Law of Torts. Wherever and whenever fresh deceitful act is committed the person deceived would naturally have a fresh cause of action in his favour. Thus every time when a person passes off his goods as those of another he commits the act of such deceit. Similarly whenever and

wherever a person commits breach of a registered trade mark of another he commits a recurring act of breach or infringement of such trade mark giving a recurring and fresh cause of action at each time of such infringement to the party aggrieved. ... ..  
..."

... ..

... ..

In cases of continuous causes of action or recurring causes of action bar of Order 2 Rule 2 Sub-rule (3) cannot be invoked. In this connection it is profitable to have a look at Section 22 of the Limitation Act, 1963. It lays down that 'in the case of a continuing breach of contract or in the case of a continuing tort, a fresh period of limitation begins to run at every moment of the time during which the breach or the tort, as the case may be, continues. As act of passing off is an act of deceit and tort every time when such tortuous act or deceit is committed by the defendant the plaintiff gets a fresh cause of action to come to the court by appropriate proceedings. Similarly infringement of a registered trade mark would also be a continuing wrong so long as infringement continues. Therefore, whether the earlier infringement has continued or a new infringement has taken place cause of action for filing a fresh suit would obviously arise in favour of the plaintiff who is aggrieved by such fresh infringements of trade mark or fresh passing off actions alleged against the defendant. Consequently, in our view even on merits the learned Trial Judge as well as the learned Single Judge were obviously in error in taking the view that the second suit of the plaintiff in the present case was barred by Order 2 Rule 2 Sub-rule (3), CPC."

94. Learned counsel for the respondent company also placed reliance on another judgment of this Court in the case of *Heinz Italia and another v. Dabur India Limited* (2007) 6 SCC 1 wherein this court observed that:

"... .. it has been repeatedly held that before the use of a particular mark can be appropriated it is for the plaintiff to prove that the product that he is representing had earned a reputation in the market and that this reputation had been sought to be violated by the opposite party. In *Corn Products* case (supra) it was observed that the principle of similarity could not to be very rigidly applied and that if it could be prima facie shown that there was a dishonest intention on the part of the defendant in passing off goods, an injunction should ordinarily follow and the mere delay in bringing the matter to Court was not a ground to defeat the case of the plaintiff. It bears reiteration that the word "Glucon-D" and its packaging had been used by Glaxo since 1940 whereas the word "Glucose-D" had been used for the first time in the year 1989."

95. Mr. Sundaram further placed reliance on another judgment of this Court in *Ramdev Food Products (P) Limited* (supra), wherein it has been held that:

"Acquiescence is a facet of delay. The principle of acquiescence would apply where: (i) sitting by or allow another to invade the rights and spending money on it; (ii) it is a course of conduct inconsistent with the claim for exclusive rights for trade mark, trade name, etc. In *Power Control Appliances and Ors. v. Sumeet Machines Pvt. Ltd.* [1994] 1 SCR 708, this Court stated:

Acquiescence is sitting by, when another is invading the rights and spending money on it. It is a course of conduct inconsistent with the claim for exclusive rights in a trade mark, trade name etc. It implies positive acts; not merely silence or inaction such as is involved in laches."

The court further observed that:

"The defence of acquiescence, thus, would be satisfied when the plaintiff assents to or lay by in relation to the acts of another person and in view of that assent or laying by and consequent acts it would be unjust in all the circumstances to grant the specific relief."

96. Mr. Sundaram, counsel for the respondent company also submitted that use of a similar mark(s) by third parties is not a defense to an illegal act of passing-off. He relied on a judgment of Delhi High Court in *Ford Motor Company of Canada Limited and another v. Ford Service Centre 2009 (39) PTC 149*, wherein the Court observed that:

"... do not find any merit in the plea of defendant of two others, outside India using FORD in relation to other business. Their case is not before this Court for adjudication and even if the plea of dilution was to be available in an infringement action, no case of dilution in India is made out. Recently the Division Bench of this Court in *Pankaj Goel v. Dabur India Limited 2008 (38) PTC 49 (Delhi)* held that merely because others are carrying on business under similar or deceptively similar trademark or have been permitted to do so by the plaintiff, cannot offer a licence to the world at large to infringe the trademark of the plaintiff. It was further held that even otherwise, the use of similar marks by a third party cannot be a defence to an illegal act of passing off. In *Castrol Limited v. A.K. Mehta 1997 (17) PTC 408 DB* it was held that a concession given in one case does not mean that other parties are entitled to use the same. Also, in *Prakash Roadline v. Prakash Parcel Service 1992 (2) Arbitration Law Reporter 174* it has been held that use of a similar mark by a third party in violation of plaintiff's right is no defence."

97. Learned counsel for the respondent company also placed reliance on *Prakash Roadline Limited v. Prakash Parcel Service (P) Ltd. 48 (1992) Delhi Law Times 390* the Delhi High Court held that:

"... .. Merely because no action is taken against certain other parties, it does not mean that the plaintiff is not entitled to take action against the defendant. The other parties may not be affecting the business of the plaintiff. They may be small-time

operators who really do not matter to the plaintiff. Therefore, the plaintiff may not chose to take any action against them. On the contrary the plaintiff feels danger from defendant in view of the fact that the defendant's promoters are the ex Directors/employees of the plaintiff who are fully in the know of the business secrets of the plaintiff. Therefore, the mere fact that the plaintiff has not chosen to take any action against such other parties cannot disentitle the plaintiff from taking the present action. This contention is, therefore, prima-facie without any merit and is rejected."

98. Lastly, learned counsel for the respondent company submitted that in any one of the following circumstances the plaintiff would be entitled to injunctive relief even qua a common word:

“a. If the factors for justifying absolute protection as per `absolute protection for common words' have been made out then it would ipso facto entitle the plaintiff to protection against the world at large. b. The protection would be given against any particular defendant if the plaintiff's name has acquired a secondary meaning and the defendant uses the name in a common field of activity, i.e. where there are common purchasers. However, the court may decline to grant the relief if such name is descriptive of the defendant's product and not just a name unconnected with the defendant's product. c. The protection would be granted qua a defendant with relation to even an unrelated product where the tests of dishonest adoption are satisfied and the defendant will be restrained from cashing in or profiting from the plaintiff's name.

99. We have heard the detailed and comprehensive arguments advanced by the learned counsel for the parties. We place on record our appreciation for the able assistance provided by the learned counsel for the parties in this case. We have also carefully examined relevant decided Indian, English and American cases.

100. The respondent company's mark `Eenadu' has acquired extra-ordinary reputation and goodwill in the State of Andhra Pradesh. `Eenadu' newspaper and TV are extremely well known and almost household words in the State of Andhra Pradesh. The word `Eenadu' may be a descriptive word but has acquired a secondary or subsidiary meaning and is fully identified with the products and services provided by the respondent company.

101. The appellant is a Karnataka based company which has started manufacturing its product in Bangalore in the name of `Ashika' and started selling its product in the State of Andhra Pradesh in 1995. The appellant started using the name `Eenadu' for its Agarbathi and used the same artistic script, font and method of writing the name which obviously cannot be a co-incidence. The appellant company after adoption of name `Eenadu' accounted for 90% of sale of their product Agarbathi.

102. On consideration of the totality of facts and circumstances of the case, we clearly arrive at the following findings and conclusions :

“a) The respondent company's mark `Eenadu' has acquired extraordinary reputation and goodwill in the State of Andhra Pradesh. The respondent company's products and services are correlated, identified and associated with the word `Eenadu' in the entire State of Andhra Pradesh. `Eenadu' means literally the products or services provided by the respondent company in the State of Andhra Pradesh. In this background the appellant cannot be referred or termed as an honest concurrent user of the mark `Eenadu';

b) The adoption of the words `Eenadu' is ex facie fraudulent and mala fide from the very inception. By adopting the mark `Eenadu' in the State of Andhra Pradesh, the appellant clearly wanted to ride on the reputation and goodwill of the respondent company;

c) Permitting the appellant to carry on his business would in fact be putting a seal of approval of the court on the dishonest, illegal and clandestine conduct of the appellant;

d) Permitting the appellant to sell his product with the mark `Eenadu' in the State of Andhra Pradesh would definitely create confusion in the minds of the consumers because the appellant is selling Agarbathies marked `Eenadu' as to be designed or calculated to lead purchasers to believe that its product Agarbathies are in fact the products of the respondent company. In other words, the appellant wants to ride on the reputation and goodwill of the respondent company. In such a situation, it is the bounden duty and obligation of the court not only to protect the goodwill and reputation of the respondent company but also to protect the interest of the consumers;

e) Permitting the appellant to sell its product in the State of Andhra Pradesh would amount to encouraging the appellant to practise fraud on the consumers;

f) Permitting the appellant to carry on his business in the name of `Eenadu' in the State of Andhra Pradesh would lead to eroding extra- ordinary reputation and goodwill acquired by the respondent company over a passage of time;

g) Appellant's deliberate misrepresentation has the potentiality of creating serious confusion and deception for the public at large and the consumers have to be saved from such fraudulent and deceitful conduct of the appellant.

h) Permitting the appellant to sell his product with the mark `Eenadu' would be encroaching on the reputation and goodwill of the respondent company and this would constitute invasion of proprietary rights vested with the respondent company.

i) Honesty and fair play ought to be the basis of the policies in the world of trade and business.

103. The law is consistent that no one can be permitted to encroach upon the reputation and goodwill of other parties. This approach is in consonance with protecting proprietary rights of the respondent company.

104. Consequently, the appeals are disposed of in terms of the aforesaid observations and directions.

105. In the facts and circumstances of this case, the parties are directed to bear their own costs.