

K. NARAYANAN AND ANR.

v.

S. MURALI

(Civil Appeal Nos.4480-4481 of 2002)

AUGUST 5, 2008

[TARUN CHATTERJEE AND HARJIT SINGH BEDI, JJ.]

Trade and Merchandise Marks Act, 1958 – ss.18 and 28 – Passing off – Cause of action – Appellants manufacturing and selling banana chips under the trademark A-ONE – Filed application for registration of the trade mark– Application still pending – Respondent too filed application seeking registration as user of trademark A-ONE – Suit filed by appellants seeking injunction to restrain respondent from ‘passing off’ his goods using the trade mark A-ONE – Dismissal of, by High Court – Justification – Held: Justified – Before registration is granted for trade mark, there is no right to assert that the mark has been infringed – A proposed registration, which may or may not be granted, does not confer a cause of action to the plaintiff, whether application for registration is filed by plaintiff, or defendant – Mere filing of trade mark application cannot be regarded as a cause of action for filing a suit for ‘passing off’ – On facts, filing of application for registration of trade mark did not indicate any deception on part of respondent to injure business or goodwill of the appellants – Necessary requirements of an action for ‘passing off’ were absent.

The appellants were manufacturing and selling banana chips under the trademark “A-ONE” since 1986. In 1999, they filed an application before the Trade Mark Registry for registration of the trade mark “A-ONE”. The application remained pending. In 2000, the respondent too filed an application seeking registration as user of the trademark “A-ONE”. Thereafter, the appellants filed suit before the High Court seeking injunction to restrain the

A respondent from 'passing off' his goods using the trade mark "A-ONE". The High Court dismissed the suit.

The question which arose for consideration in the instant appeals was as to whether the appellants were entitled to seek injunction to restrain the respondent from passing off his goods using the trademark "A-ONE".

Dismissing the appeals, the Court

HELD: 1.1 Filing of an application for registration of a trade mark does not constitute a part of cause of action in a suit for passing off. The High Court has rightly held that before registration is granted for the trade mark, there is no right in the person to assert that the mark has been infringed and; that a proposed registration, which may or may not be granted, will not confer a cause of action to the plaintiff, whether the application for registration is filed by the plaintiff, or the defendant. [Paras 24,29] [948 E-F; 946 G-H, 947 A]

1.2 In the instant case, mere filing of the application for registration of trade mark cannot be regarded as a cause of action for filing a suit for passing off, since the application does not indicate any deception on the part of the respondent so as to injure business or goodwill of the appellants. The appellants cannot file the suit in the High Court seeking an injunction to restrain the respondent from passing off his goods using the trade mark "A-ONE", based only on the claims made in the trade mark application of respondent filed before the Trade Mark Registry, since the necessary requirements of an action for passing off are absent. [Paras 26, 29] [947 E; 948 F-G]

Premier Distilleries Pvt. Ltd. v. Sushi Distilleries (2001) 3 CTC 652- approved.

Wander Ltd. and Anr. v. Antox India P. Ltd. (1990) Supp SCC 727 and Dhodha House v. S.K. Maingi (2006) 9 SCC 41- relied on.

M/s. Jawahar Engineering Company and Ors. Ghaziabad v. M/s. Jawahar Engineers Pvt. Ltd. Sri Rampur, Distt. Ahmednagar, Maharashtra (1983) PTC 207-referred to. A

Case Law Reference

(1983) PTC 207	referred to	Para 5	B
(1990) Supp SCC 727	relied on	Para 13	
(2006) 9 SCC 41	relied on.	Para 14	
(2001) 3 CTC 652	approved	Para 14	C

CIVIL APPELLATE JURISDICTION : Civil Appeal No. 4480-4481 of 2002

From the Judgment and Order dated 18.4.2002 of the High Court of Judicature at Madras in O.S.A. Nos. 149 and 150 of 2002 D

Gladys Daniel, Anup Kumar and K.V. Vijayakumar for the Appellants.

Dr. A. Francis Julian, Sumit Kumar (for M/s. Arputham, Aruna & Co.) for the Respondent. E

The Judgment of the Court was delivered by

TARUN CHATTERJEE, J. 1. The present appeals are filed at the instance of the appellants against the Judgment and final order dated 18th of April, 2002 passed by the High Court of Madras in O.S.A. Nos. 149 & 150 of 2002 whereby the Division Bench of the High Court had dismissed the appeals of the appellants. F

2. The brief facts leading to the filing of these appeals may be narrated as under: G

3. The appellants are engaged in the business of manufacturing and selling Banana Chips and had adopted the trade mark A-ONE with respect to the said Banana Chips in 1986. H

A The appellants had applied for an application for registration of the trade mark A-ONE before the Trade Mark Registry at Chennai on 6th of December, 1999 with respect to the said Banana chips. The application of the appellants for registration of the trademark is still pending.

B 4. On 7th of February, 2000, the respondent filed O.S.No.1 of 2000 on the file of the District Judge at Coimbatore against the appellants, seeking an injunction restraining the appellants from passing off their goods using the trade mark A-ONE. The said suit was dismissed by the District Judge at Coimbatore
C on 23rd of December, 2001.

5. The respondent filed three trade mark applications numbered as 899359, 899360 and 899361 on 24th of January, 2000 before the Trade Mark Registry at Chennai seeking registration as user of the mark A-ONE throughout India since 1995.
D

6. Thereafter the appellants filed C.S.No. 482 of 2001 on 22nd of May, 2001 on the file of the High Court of Madras, seeking an injunction to restrain the respondent from passing off his goods using the trade mark A-ONE.

E 7. The appellants filed an application before the High Court for leave to institute the suit and by order dated 11th of June, 2001, the High Court granted leave.

F 8. On 6th of March, 2002, the learned Single Judge of the High Court dismissed the injunction application and also revoked the leave to sue, granted by it to the appellants.

G 9. The appellants, being aggrieved by the aforesaid order, preferred appeals before the Division Bench of the High Court, which was dismissed by the Division Bench by an order dated 18th of April, 2002.

H 10. Being aggrieved and dissatisfied with the aforesaid judgment of the Division Bench, the appellants have filed these Special Leave Petitions in this Court which, on grant of leave, were heard by us in presence of learned counsel for the parties.

11. We have heard the learned counsel for the parties and examined the impugned judgment of the Division Bench of the High Court as also of the learned Single Judge and other materials on record and we deem it appropriate to reproduce the findings of the Division Bench while dismissing the appeals, which are as under :-

"The point raised in the appeals is one which was already decided against the appellant by our considered judgment in the case of Premier Distilleries Pvt. Ltd. Vs. Sushu Distilleries 2001(3) CTC 652.

Learned counsel sought to contend that there is an earlier view of this Court which conflicts the view which we have taken. Having perused that order, we find that it was merely a summary order which does not address itself pointedly to the question. Mere filing of the application for registration of the trade mark in the Registry situated at Madras would not suffice to confine the jurisdiction of this Court. That question was specifically addressed, and dealt with in our reasoned order in the case of Premier Distilleries Pvt. Ltd. (supra). In that order, we have pointed out that the very term 'cause of action' would clearly imply that the action viz., the institution of the suit must follow the cause, and not precede it. Even before the registration is granted for the trade mark, there is no right in the person to assert that the mark has been infringed. A proposed registration which may, or may not be granted will not confer a cause of action to the plaintiff, whether the application for registration is filed by the plaintiff, or the defendant."

12. Before we look at the submissions of the parties before us, we deem it expedient at this stage to reproduce the relevant provisions of the Trade and Merchandise Marks Act, 1958 (in short, the 'Act'), which would be required by us for a proper appreciation of the controversy involved.

Section 18(1) of the Act may be reproduced as under:-

A *"Any person claiming to be the proprietor of a trade mark used or proposed to be used by him, who is desirous of registering it, shall apply in writing to the Registrar in the prescribed manner for the registration of his trade mark either in Part A or in Part B of the register."*

B Section 28 of the Act may be reproduced as under:-

C *"Subject to the other provisions of this Act, the registration of a trade mark in Part A or Part B of the register shall, if valid, give to the registered proprietor of the trade mark the exclusive right to the use of the trade mark in relation to the goods in respect of which the trade mark is registered and to obtain relief in respect of infringement of the trade mark in the manner provided by this Act."*

D 13. Let us now consider the submissions of the learned
E counsel for the parties. The learned counsel for the appellants
F argued before us that the Division Bench of the High Court in its
impugned judgment had taken a contrary view from the Judgment
of the Division Bench of the High Court of Delhi in *M/s. Jawahar Engineering Company and others, Ghaziabad Vs. M/s. Jawahar Engineers Pvt. Ltd. Sri Rampur, Distt. Ahmednagar, Maharashtra [1983 PTC-207]*, which has held that the real point which gives the Court jurisdiction is not the place where the advertisement has appeared but the place for which the trade mark is sought for sale. It has also held that when an injunction is sought, it is not necessary that the threat should have become a reality before the injunction is granted or refused and it can even be sought for a threat that is still to materialize.

G 14. The learned counsel for the appellants further submitted that the view taken by the Division Bench of the High Court of Delhi reported in 1983 PTC 207 was followed by the learned Single Judge of the High Court of Madras in the Judgment reported in 1990 PTC 240.

H 15. The learned counsel for the appellants further submit-

ted that a similar view was followed by the Division Bench of the High Court of Madras in its unreported judgments dated 13th of March, 1995 and 29th of March, 1995 in O.S.A. No. 53/1995 and O.S.A. No. 82/1995 respectively.

16. The learned counsel for the appellants submitted that when the respondent filed a trade mark application at the Trade Mark Registry at Chennai, a threat was communicated regarding the use of the trade mark in Chennai, and it was immaterial whether there was actual use or not and the appellants would be entitled to an injunction (being a prohibitive remedy) against the said mark.

17. The learned counsel for the appellants finally argued that the respondent had based its application for registration of the trade mark on use of the mark throughout India without any geographical limitation from 1st of April, 1995, which included the city of Chennai, which thus entitled the appellants to file the suit at the High Court of Madras based on the claims made in the trade mark application.

18. These submissions of the learned counsel for the appellants were contested by the learned counsel appearing on behalf of the respondent. The learned counsel for the respondent contended that mere filing of an application for registration of trade mark by the respondent in Chennai would not confer any territorial jurisdiction for the High Court at Chennai to entertain the present suit filed by the appellants, when admittedly both the parties to the suit resided in Coimbatore, had their place of business in Coimbatore and the goods were sold only in Coimbatore.

19. The learned counsel appearing on behalf of the respondent further contended that since according to Section 18 of the Act, an application for registration could be filed by both proprietor of a trade mark used and proposed to be used by him, therefore mere filing of an application for registration would not result in creating a cause of action for filing a suit for passing off.

A 20. The learned counsel appearing on behalf of the re-
spondent also contended that since according to Section 28 of
the Act, the registration of a trade mark gave a person, exclu-
sive ownership of the trade mark and right to take action against
B infringement of the trade mark, therefore an action against
infringement of trade mark could not be made in the court merely
on the basis of an application for registration of trade mark.

C 21. It was further argued that actual sale of goods was
necessary to be proved in the case of passing off action and
therefore the Court within whose jurisdiction the commercial sale
of goods took place, had jurisdiction to entertain a suit for pass-
ing off.

D 22. It was further argued that the decision of the Division
Bench of the Delhi High Court in M/s. Jawahar Engineering
Company and others, Ghaziabad (supra) was not applicable to
the present case because in that case the plaintiff was a regis-
tered owner of the trade mark and the action was for injunction
regarding a threatened breach of registered trade mark,
whereas in the present case, the appellants were not registered
E owners.

F 23. It was finally argued by the learned counsel appearing
on behalf of the respondent before us, that, by merely filing a
trade mark application, the respondent did not misrepresent in
the course of trade that his goods were the goods of the appel-
lants and therefore there was no cause of action for filing a suit
for passing off, which necessarily required sale of one's goods
deceptively as though it were the goods of another.

G 24. Having heard the learned counsel for the parties and
after carefully examining the aforementioned judgment of the
High Court and also of the learned Single Judge, we do not find
any infirmity in the judgment of Division Bench of the High Court
holding that, before registration is granted for the trade mark,
there is no right in the person to assert that the mark has been
infringed and that a proposed registration which may, or may
H not be granted will not confer a cause of action to the plaintiff,

whether the application for registration is filed by the plaintiff, or the defendant. A

25. In this connection, the following decisions of this Court may be strongly relied upon:-

In *Wander Ltd. and another Vs. Antox India P. Ltd.*, [1990 (Supp) SCC 727] (para 16), it has been observed as follows:- B

"Passing-off is said to be a species of unfair trade competition or of actionable unfair trading by which one person, through deception, attempts to obtain an economic benefit of the reputation which another has established for himself in a particular trade or business. The action is regarded as an action for deceit. The tort of passing-off involves a misrepresentation made by a trader to his prospective customers calculated to injure, as a reasonably foreseeable consequence, the business or goodwill of another which actually or probably, causes damages to the business or good of the other trader." C D

26. In the present case, mere filing of a trade mark application cannot be regarded as a cause of action for filing a suit for passing off since filing of an application for registration of trade mark does not indicate any deception on the part of the respondent to injure business or goodwill of the appellants. E

27. In *Dhodha House Vs. S.K. Maingi*, [(2006) 9 SCC 41] (para 31), it has been observed as follows:- F

"A cause of action will arise only when a registered trade mark is used and not when an application is filed for registration of the trade mark. In a given case, an application for grant of registration certificate may or may not be allowed. The person in whose favour a registration certificate has already been granted (sic) indisputably will have an opportunity to oppose the same by filing an application before the Registrar, who has the requisite jurisdiction to determine the said question. In other words, a suit may lie where an infringement of trade mark or H

A *copyright takes place but a cause of action for filing the suit would not arise within the jurisdiction of the court only because an advertisement has been issued in the Trade Marks Journal or any other journal, notifying the factum filing of such an application."*

B 28. In the aforesaid decision, this Court has expressed its concurrence to the views observed by the Division Bench of the High Court of Madras in *Premier Distilleries Pvt. Ltd. Vs. Sushi Distilleries [2001(3) CTC 652]*, which observed as under:-

C *"The cause of action in a suit for passing off, on the other hand and as already observed, has nothing at all to do with the location of the Registrar's office or the factum of applying or not applying for registration. It is wholly unnecessary for the plaintiff to prove that he had applied for registration. The fact that the plaintiff had not applied for registration will not improve the case of the defendant either. Filing of an application for registration of a trade mark, therefore, does not constitute a part of cause of action where the suit is one for passing off."*

E *(Emphasis supplied)*

F 29. In this view of the matter, we are, therefore, of the opinion that filing of an application for registration of a trade mark does not constitute a part of cause of action in a suit for passing off. The appellants cannot file the suit in the High Court of Madras seeking an injunction to restrain the respondent from passing off his goods using the trade mark A-ONE, based only on the claims made in the trade mark application of respondent filed before the Trade Mark Registry, since the necessary requirements of an action for passing off are absent.

G 30. Accordingly, there is no ground to interfere with the impugned judgment of Division Bench of the High Court of Madras. For the reasons aforesaid, the appeals stand dismissed with no order as to costs.

H B.B.B.

Appeals dismissed.