

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 5th DAY OF APRIL, 2024

BEFORE

THE HON'BLE MR JUSTICE ANANT RAMANATH HEGDE

MFA NO.2680 OF 2023 (IPR)

BETWEEN:

S.V.T PRODUCTS,
AN INDIAN PARTNERSHIP FIRM REPRESENTED
BY ITS PARTNER SRI S MANJUANATH,
S/O LATE RAO, NO 5/2, 4TH CROSS,
LORRY SAND GODOWN STREET,
INDUSTRIAL SUBURB, YESHWANTHPUR,
BENGALURU - 560 022.

...APPELLANT

(BY SRI JAYAKUMAR S PATIL, SENIOR COUNSEL A/W
SMT PRIYA, ADVOCATE)

AND:

S.S PANDIAN AND SONS
AN INDIAN PARTNERSHIP FIRM REPRESENTED BY ITS
AUTHORISED PARTNER SRI S SELLA KUMARAN,
INDIAN, HINDU, AGED ABOUT 45 YEARS,
S/O LATE SRI S S PANDIAN,
NO.148, 3RD MAIN ROAD, INDUSTRIAL TOWN,
RAJAJINAGAR, BENGALURU - 560010.

...RESPONDENT

(BY SRI SIVARAMAN VAIDYANATHAN, ADV. FOR C/R
(CP NO.6247/2023))

THIS MFA IS FILED UNDER ORDER 43 RULE 1(r) OF CPC,
READ WITH SECTION 5 OF THE KARNATKA HIGH COURT ACT,
1961 AGAINST THE ORDER DATED 11.04.2023 PASSED ON I.A.
NO.2 AND 3/2023 IN O.S.NO. 710/2023 ON THE FILE OF THE
XVIII ADDITIONAL CITY CIVIL JUDGE, BENGALURU CITY,
ALLOWING THE I.A. NOS.2 AND 3 FILED UNDER ORDER XXXIX
RULE 1 AND 2 READ WITH SECTION 151 OF CPC.

THIS APPEAL HAVING BEEN HEARD AND RESERVED FOR JUDGMENT ON 04TH MARCH, 2024 AND COMING ON FOR PRONOUNCEMENT THIS DAY, THE COURT PRONOUNCED THE FOLLOWING:

JUDGMENT

Asafoetida, (Hing) though bitter in taste is a food additive. The plaintiff claims that 'asafoetida' sold by him, under the registered trade mark "**HOTEL SPECIAL**" in addition to adding to the taste and the flavor of the food, has also enhanced the goodwill and the reputation of his business. However, the asafoetida, sold by the defendant under the trade mark "**SVT HOTEL SPECIAL**", which according to the plaintiff deceptively similar to his registered trade mark, is making his business experience bitter.

2. The appellant/defendant is challenging the interim restraint order under Order XXXIX Rules 1 and 2 of the Code of Civil Procedure. In short, the defendant is restrained by temporary injunction from infringing and passing off the plaintiff's registered trade mark "HOTEL SPECIAL" by using an identical and deceptively similar trade mark "SVT HOTEL SPECIAL" or any other identical,

deceptively/ confusingly similar trade mark in relation to asafoetida.

3. For the sake of convenience, the parties to the present appeal are referred to as in the suit.

4. The plaintiff's claim in a nutshell.

- The plaintiff is the proprietor of the registered trade mark "HOTEL SPECIAL" registered under the Trade Marks Act, 1999 (for short "Act of 1999"). The plaintiff has been marketing asafoetida since 1957. The trade mark "HOTEL SPECIAL" is used to sell a variety of asafoetida since 1993. The said trade mark is exclusively associated and identified with asafoetida sold by the plaintiff. The trade mark has earned goodwill and reputation and is registered on 08.01.2002 and valid till 08.01.2032. The label is registered on 14.08.2006 and is valid till 14.08.2026.

5. The plaintiff alleged infringement and passing off of his trade mark by the defendant by using a deceptively similar trade mark "SVT HOTEL SPECIAL" for selling asafoetida.

6. The defence in a nutshell.

- The disputed trade mark could not have been registered. The defendant has applied for revocation of the trade mark. The defendant is the prior user of trade mark "SVT HOTEL SPECIAL" for Asafoetida since 1990. The disputed trade mark contains generic words and the trade mark in dispute is not distinctive. The expression "HOTEL SPECIAL" speaks about the intended purpose.

7. The Trial Court has held that the plaintiff is entitled to a temporary injunction.

8. Sri Jayakumar S Patil, the learned Senior counsel appearing for the defendant/appellant would contend that the expression "SVT HOTEL SPECIAL" is a generic expression and it cannot be claimed as a trade mark by anyone, and use of such trade mark is permissible under Section 17 of the Act of 1999. Even otherwise the defendant/appellant is the prior user of the mark "SVT HOTEL SPECIAL" and the use of such mark or letters or expression by the defendant is protected under Section 34 of the Act of 1999. The contention in the written

statement that the defendant has been using the expression "SVT HOTEL SPECIAL" before the plaintiff's registration is wrongly construed by the Trial Court, to hold that such a defence amounts to an admission that the trade mark "HOTEL SPECIAL" is not generic but is distinctive. The Trial Court failed to consider the prima facie aspects of the documents produced by the defendant.

9. Referring to the additional documents produced by the appellant before this Court, it is urged that the distributor agreement between the defendant and the distributor entered on a stamp paper in 1992 prima facie demonstrates the use of the expression "SVT HOTEL SPECIAL" by the defendant since 1992.

10. Section 30(2) of the Act of 1999 also gives protection against any action of alleged infringement, in case the expressions are used to show the "*intended purpose*". The expression "HOTEL SPECIAL" is used to indicate quantity and the intended purpose i.e., the

product is sold indicating that it is meant for bulk use in hotels as such, registration of trade mark is invalid.

11. The impugned order does not give any valid reason for the order on application to restrain passing off by the defendant.

12. The learned Senior counsel for the appellant has placed reliance on the following judgments:

(i) Gaw Kan Lye v. Saw Kyone Saing. 1939 SCC Online Rang 143

(ii) Consolidated Foods Corporation v. Brandon & Co. Private Limited. 1961 SCC Online Bom 55

(iii) Century Traders v. Roshan Lal Duggar & Co, F.A.O (O.S.) 46/1976

(iv) N.R.Dongre and others v. Whirlpool Corporation and Anr. (1996) 5 SCC 714

(v) Cadila Health Care Ltd. V. Cadila Pharmaceuticals Ltd. (2001) 5 SCC 73

(vi) Satyam Infoway Ltd. V. Siffynet Solutions (p) Ltd. (2004) 6 SCC 145

(vii) Rasiklal Manikchand Dhariwal and another v. M.S.S. Food Products (2012) 2 SCC 196

*(viii) S. Syed Mohideen v. P.Sulochana Bai (2016)
2 SCC 683*

*(ix) ITC Limited, Rep. by its constituted Attorney S.
Satyanathan vs Nestle India Limited 2020 SCC
Online Mad 1158.*

13. Sri Sivaraman Vaidyanathan, the learned counsel for the plaintiff would contend that the defendant is not a prior user of the trademark "HOTEL SPECIAL". The documents produced relating to alleged prior use are all concocted documents and created to get the undue protection of Section 34 of the Act of 1999. The invoices produced would disclose seven-digit telephone numbers that were not in use till 1994 and this would demonstrate that the invoices are fake.

14. The FGL number indicated in the invoices produced by the defendant reveals that the defendant obtained registration in the year 1987-88, whereas the defendant claims that he has been selling the product since 1985. The document which is said to be an agreement appointing the distributor is also concocted.

15. The certificate issued by the Commercial Tax Department dated 17.06.1982 reveals that the certificate is valid from 04.01.1985 and such a procedure is not contemplated under the provisions of the Karnataka Sales Tax Act.

16. The scope of the Court under Order XLIII Rule 1 of the Code of Civil Procedure is limited. No ground is made out to interfere in the discretion exercised by the Trial Court granting the temporary injunction.

17. Learned counsel for the respondent has relied on the following judgments:

- (i) Prestige Lights Ltd Vs State Bank of India (2007) 8 SCC 449.
- (ii) Tayabbhai M. Bagasarwalla and Ors. Vs. Hind Rubber Industries Pvt. Ltd. And Ors (1997) 3 SSC 443.
- (iii) Wander Ltd. And Ors. Vs. Antox India P. Ltd. (1990) (Supp) SCC 727.
- (iv) Adiga's Abhiruchi and Ors. Vs Adiga's Fast Food (MANU/SC/0595/1990)
- (v) Procter & Gamble Manufacturing (Tianjin) Co. Ltd. And Ors. Vs. Anchor Health & Beauty Care Pvt. Ltd. (MANU/DE/1365/2014)
- (vi) Sri Krishna Sweets Pvt. Ltd. Vs. Sri Krishna Sweets (MANU/KA/5306/2021)

- (vii) Hariram Vs. Mysore Polymers & Rubber Products Limited (MANU/KA/1368/2015)
- (viii) Sunil Mittal and Ors Vs Darzi on Call (MANU/DE/1028/2017)

18. This Court has considered the contentions raised and perused the records and the judgments cited. The following questions arise for consideration:

- (i) Whether the defendant is a *prima facie prior user* of the trade mark in question and his use is protected under Section 34 of the Act of 1999?
- (ii) Whether the plaintiff has *prima facie* established that the trade mark in question has a distinctive character or has acquired a distinctive character as a result of the use or that it is a well known trade mark?
- (iii) Whether the trade mark in dispute is *prima facie* generic or non-distinctive in character?
- (iv) Whether the defendant's use of the disputed trade mark is protected under Section 30(2) of the Act of 1999?

19. The Act of 1999 provides for the registration of trade marks and protection for the owner of the trade mark, against unauthorised use of the trade mark. At the same time, the Act of 1999 also protects the users of a registered trade mark if such use is shown to be prior in time as against the claim of the registered owner of the trade mark. The Act of 1999 also enables the use of non-distinctive trade marks under certain circumstances.

20. In the present appeal, the appellant has based the defence on the following three grounds:

- (a) The appellant is *the prior user* of the trade mark in question;
- (b) The trade mark is *non-distinctive* or generic;
- (c) The trade mark is descriptive and describes the *intended purpose*.

21. The defence relating to prior use is under Section 34 of the Act of 1999. The expression "**Nothing in this Act shall entitle the proprietor or registered user of a trade mark to interfere with or use by any**

person of a trade mark” in Section 34 (1) of the Act of 1999 speaks loud and clear about two things namely,

(a) Prior user’s right to use a trade mark, even if the trade mark or similar trade mark is registered subsequently in the name of another.

(b) Limitations on the right of the registered owner vis-à-vis the prior user.

22. The expression “the Registrar shall not refuse (on such use being proved) to register the second mentioned trade mark by reason of only of the registration of the first mentioned trade mark” also enables the Registrar to register the prior user’s trade mark even if the trade mark or similar trade mark is already registered. Thus, to take shelter under Section 34 of the Act of 1999, the person who claims prior use of the trade mark should establish that he is the prior user. The burden of proving *prior use of the trade mark* is on the person (defendant in this case) who sets up a defence of *prior use*.

23. The defendant tried to establish prior use of the trade mark based on additional documents produced before this Court. The plaintiff has also produced additional documents as a counter to the additional documents produced by the defendant. This court has considered the additional documents of both sides.

24. Learned Senior Counsel laid much emphasis on the agreement appointing a distributor to sell asafoetida, by the defendant. The agreement is on stamp paper. The recital reveals that the defendant has appointed SREE BALAJI TRADERS as distributors to sell "SVT HOTEL SPECIAL" compounded asafoetida in 250 grams jars and 500 grams jars and also SVT CRYSTAL asafoetida in 500 grams. The agreement is effective from 25.08.1992 till it is canceled.

25. In the written statement, no reference is made to the said agreement. No sales target is fixed in the agreement though there is a recital that the distributor has to achieve the sales target. As rightly pointed out by the learned counsel for the plaintiff, the stamp paper does not

disclose the stamp vendor's name. There are two different seals of the stamp vendor on the said stamp paper. Even the seal of the alleged parties to the agreement is also put twice. One seal appears in bright ink and another in pale ink.

26. The invoices produced by the defendant do not disclose any transaction with the defendant and SREE BALAJI TRADERS. Thus, this Court is of the view that, at this stage, the said document cannot be considered to accept the defendant's claim for having appointed the distributor.

27. To discredit the invoices produced by the defendant, the plaintiff has produced additional documents viz., a few newspapers circulated between 1990 to 1996. The advertisements by various traders and merchants in the said newspapers indicate only six-digit landline telephone numbers in Bengaluru in those days. However, the invoices produced by the defendant contain seven-digit landline telephone numbers during 1990-1994. Thus,

prima facie a serious doubt arises about the authenticity of invoices.

28. The registration certificate said to have been issued to the defendant on 17.06.1982 by the Department of Commercial Tax specifies that the certificate is valid from 04.01.1985. The law does not provide for issuing a Registration Certificate three years prior to the date of its commencement. In the said registration certificate in Form No.2, the date of printing of Form No.2 is mentioned as 25.11.1984. Thus, prima facie, the date "17.06.1982" appearing in the said document casts a serious doubt about its authenticity.

29. On perusal of the aforementioned documents, this Court is of the view, that prima facie at this stage of the proceeding, the defendant's claim that it is the prior user of the trade mark "SVT HOTEL SPECIAL" is not established.

30. Now the Court has to consider whether the trade mark in question is prima facie *distinctive* as claimed

by the plaintiff, *or non-distinctive or generic* as claimed by the defendant?

31. Admittedly the trade mark "HOTEL SPECIAL" is registered with a logo and distinctive style of the words used in it. The expression "SPECIAL" appearing in the trade mark is also duly registered as a trade mark.

32. This Court has considered the documents namely the invoices produced by the plaintiff. The plaintiff's trade mark is registered on the premise that the trade mark has acquired distinctiveness because of its use since 1993. The registration was granted in 2002.

33. Proviso to Section 9(1) of the Act of 1999 enables the registration of a trade mark if it has acquired a *distinctive character* as a result of its use; or if it is a well-known trade mark. Either of the above said two things is to be established to secure registration. The burden is on the person who claims such use or recognition.

34. Section 9(1) of the Act of 1999 provides for refusal of registration of a trade mark by the Authority

under the Act of 1999 on the grounds enumerated therein.

The grounds relevant for the discussion in this case are;

(a) The trade mark is non-distinctive, i.e., one that is not capable of distinguishing the goods or services of one person from those of others,

(b) The marks that indicate the kind, quality, quantity, *intended purpose*, values, geographical origin.

35. When a trade mark is sought to be registered under the Act of 1999, on the premise that the said trade mark has attained a *distinctive character* on account of its continuous use, the Registrar under the said Act is under obligation to consider all the relevant factors specified in Section 9(1) of the Act of 1999. The decision to refuse the mark has to be under Section 9(1),(a),(b), and (c); or Section 9(2) (a) to (d) or Section 9(3) (a) to (c) of the Act of 1999. The decision to grant registration has to be under proviso to Section 9(1) of the Act of 1999. The decision to grant or refuse the registration of a trade mark on an application based on the claim that “the trade mark is a well known trade mark” is not a mechanical decision. The

Authority has to apply its mind to decide whether the trade mark falls under the category where the registration is impermissible or falls under a proviso where the registration has to be granted. And the authority has to bear in mind the mandate of Section 11 of the Act of 1999. Only after satisfying the requirement under the Act, prescribed for registration of a trade mark, the registration will be granted.

36. Once the trade mark is registered, Section 31(1) of the Act of 1999, confers a *prima facie* validity to the registered trade mark. The presumption as to its *prima facie* validity is of course rebuttable. This being the position, when an interim order is sought to restrain the alleged infringement of a registered trade mark, the burden is on the defendant to rebut the presumption as to the *prima facie* validity of the trade mark.

37. Now, the Court has to consider whether the defendant has *prima facie* established that the expression "HOTEL SPECIAL" is generic or non-distinctive?

38. As already noticed, the expression "HOTEL SPECIAL" in a stylised form is registered as a trade mark. In addition, the word "SPECIAL" is also separately registered. The application for registration of the word "HOTEL" is rejected. The plaintiff has also produced the materials to establish the alleged long use of the trade mark by the plaintiff to sell the particular product i.e., asafoetida.

39. The word "HOTEL" is non-distinctive. The word "SPECIAL" may also appear to be generic. However, the registration is granted in favour of the plaintiff. Now the Court is concerned with the expression "HOTEL SPECIAL". It is quite possible that the use of the said words "HOTEL" and "SPECIAL" in combination, as "HOTEL SPECIAL" while marketing a product namely asafoetida which is essentially a taste and flavoring product, may sound distinctiveness of the product in estimation of a normal consumer.

40. While considering the application seeking a temporary injunction, if a doubt arises as to whether the trade mark is *distinctive or non-distinctive*, and on *prima*

facie consideration of the materials, even if two conflicting views appear to be plausible, the Court has to lean in favour of the registered trade mark to hold that the trade mark is *prima facie* valid.

41. The Act of 1999 also protects the user of certain types of trade marks even though such trade marks are registered. Thus the defendant can also defend the use of trade mark registered in the name of the plaintiff. However, to accept such a defence, the threshold of proof is indeed high. Unless it is shown that the registration of the trade mark in question is *ex-facie* impermissible, or that registration is granted in gross violation of the mandate of the provisions of the Act of 1999, the Court has to take a view that the trade mark which is registered is *prima facie* valid.

42. In the present case, no such materials are placed to hold that the registration of the trade mark is *ex-facie* impermissible.

43. Now the question is whether the trade mark only indicates the 'intended purpose' and its use by others is protected under Section 30 of the Act of 1999?

44. Sri Jayakumar Patil raised the contention that asafoetida is always bought in extremely small quantities of five or ten grams for home use, and the bulk sale in 250 grams or 500 grams jars by itself would indicate that asafoetida in such quantity is meant for hotel use. Thus, it is urged that the expression "HOTEL SPECIAL" found on the asafoetida jar sold in large quantities (250 gms or 500 gms jars) is only indicative of the intended purpose of use by hoteliers.

45. The answer to the above contention lies in answering a question "whether the expression "HOTEL SPECIAL" signifies the bulk quantity of asafoetida; or is suggestive of its use by *only hoteliers*? The answer seems to be "no".

46. Merely because asafoetida is sold in large jars by itself cannot mean that the expression speaks about *intended use* without any distinctiveness. Whether the

expression "HOTEL SPECIAL" found on the plaintiff's asafotida tin, meant only use by hoteliers in the estimation of the public as alleged by the defendant is a matter of evidence. Thus, in view of the presumption relating to its *prima facie* validity, and absence of any materials to show that the registration of the trade mark is ex-facie untenable, this Court at this juncture cannot accept the contention that the trade mark "**HOTEL SPECIAL**" only speaks about the *intended purpose* without any distinctive character.

47. This Court has also considered the principles laid down in the judgments cited by the appellant as well as the respondent.

48. In one of the judgments cited by the appellant i.e., **CENTURY TRADERS** supra, the Court has held that to succeed in a suit alleging infringement of a trade mark, the party has to establish that he has been using the trade mark prior in time than the opponent. This Court has already held that the plaintiff *prima facie* has established

prior use and the defendant has failed to establish his claim relating to prior use.

49. The Judgment in **S SYED MOHIDEEN** supra is also on the question of prior use and for the reasons already recorded relating to prior use of the trade mark by the plaintiff, said judgment does not come to the aid of the appellant.

50. The judgment in **ITC LIMITED** supra relates to a question of an unregistered trade mark. Thus, the said judgment has no application in the present case where admittedly the plaintiff is the proprietor of the registered trade mark.

51. The Court has also considered the principles laid down in the remaining judgments cited by the appellant and this Court is of the view that facts in those cases are distinguishable from the facts in the present case.

52. Considering the materials on record, this Court finds that the plaintiff has made out a case that his trade

mark is registered after 10 years of its use in the market to market the product asafoetida. The defendant has not established the prior use. The materials placed are not sufficient to dislodge the *prima facie* validity of the trade mark and the inference that the trade mark has attained distinctiveness.

53. It is urged that the Trial Court has not assigned any reasons for allowing the application seeking a restraint order against passing off. The defendant himself has used the word ® in his product to suggest that his trade mark "SVT HOTEL SPECIAL" is registered though it is not a registered trade mark. Given the fact that the defendant is also asserting his right to use the trade name "SVT HOTEL SPECIAL" is also selling the asafoetida with a trade mark which resembles that of the registered trade mark, the case is made out for allowing the application to restrain passing off.

54. The Trial Court has held that the defendant has claimed prior use of the trade mark as such the defendant has admitted its distinctive character. That reasoning may

not be correct. However, for the reasons recorded supra, this Court is of the view that the impugned order granting a temporary injunction in favour of the plaintiff and against the defendant does not call for interference in the exercise of power under Order XLIII Rule 1 of the Code of Civil Procedure where the scope of interference in the discretionary order is limited.

55. Hence, the following:

ORDER

- (i) The appeal is dismissed.
- (ii) The impugned orders dated 11.04.2023 passed on I.A. Nos.2 and 3/2023 in O.S. No.710/2023 on the file of XVIII Additional City Civil Judge at Bengaluru are confirmed.
- (iii) It is made clear that the observations made in this order are only confined to the consideration of the interim application and shall not be construed as a finding on the merits of the

main matter. All contentions on the merits of the case are kept open.

**Sd/-
JUDGE**

BRN/CHS

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