

judgment of mine considering the petitioners to be senior to respondents Nos. 3 and 4. If the petitioners are found fit to be given promotion on that date, respondents Nos. 1 and 2 will have to give all benefits of promotion to the petitioners with effect from that date including benefits of further and future promotion, if any, treating them as senior to respondents Nos. 3 and 4 in the cadre of Junior Technicians (Production) or by whatever nomenclature that cadre is known. In order to give effect to that decision, respondents Nos. 1 and 2 may create supernumerary posts in that regard whenever and wherever necessary. It would be open to the petitioners to produce a certified copy of this judgment before the competent authority of respondent No. 1 for taking up the case for consideration of their promotion. In that case, the time-limit of six months would start from the date of production of such certified copy. Rule is accordingly made absolute to the aforesaid extent with no order as to costs.

(ATP)

*Rule made absolute.*

\* \* \*

### APPEAL FROM ORDER

*Before the Hon'ble Mr. Justice K. G. Shah.*

DUNCANS AGRO INDUSTRIES LTD. v. SOMABHAI TEA  
PROCESSORS P. LTD.\*

**Trade and Merchandise Marks Act, 1958 (XLIII of 1958) — "SARGAM" — Trade name — A trader going to the market with his product under a particular trade mark or trade name as a distinctive mark, gets the proprietary right to use that mark to the exclusion of others irrespective of the length of user or extent of his business; balance of convenience is in favour of the trader having trade mark in his name.**

The aforesaid judgments clearly show that a trader who first goes to the market with his product under a particular trade mark or trade name as a distinctive mark, gets the proprietary right to use that mark, to the exclusion of others, irrespective of the length of user or extent of his business. As is clear from the judgment rendered by M. P. Thakkar, J. in Appeal from Order No. 84 of 1973, even if the plaintiff's user was only few months prior to that of the defendant, the plaintiff would be entitled to an injunction restraining the defendant from using that mark or a similar mark. (Para 31)

So far as balance of convenience is concerned, the plaintiff has a better case. Unaware of the fact that the defendant was thinking of launching its tea under the trade mark or trade name "SARGAM", the plaintiff went ahead with making preparations for launching its tea under the trade mark or trade name "SARGAM" right since July 25, 1990, and entered the market on June 28, 1991. As against this, the defendant, with the full knowledge of the fact that plaintiff had entered the market, not only launched its tea under the trade mark or trade name "SARGAM", but tried to throw away the plaintiff from the market, firstly by its money power and secondly by resorting to various tactics of dragging the plaintiff to various Courts. By August 31, 1991, the plaintiff had sold tea under the trade mark or trade name "SARGAM" to the extent of Rs. 15,76,740/-. If the defendant is permitted to sell its tea under the trade mark or trade name "SARGAM", that would certainly adversely affect the plaintiff's financial interest, and even a direction to the

---

\* Decided 8-4-94. A. O. No. 31 of 1992 arising out of order dt. 8-1-92 passed by City Civil Court, Ahmedabad in Ex. 5 in Reg. Civil Suit No. 5002 of 1991.

defendent to maintain accounts of its sale would not be an adequate remedy to compensate the plaintiff in the event of the plaintiff ultimately succeeding in the suit. Thus, on the question of balance of convenience, as also on the question of irreparable loss, I think the plaintiff has a case for interim relief. (Para 35)

Gaw Kan Lye v. Saw Kyone Saing (1), T. G. Balaji Chettiar v. Hindustan Lever Ltd. Bombay (2), Century Traders v. Roshal Lal Duggar & Co. (3), Dr. Ganga Prashad Gupta & Sons v. S. C. Gudimani (4), M/s. Manoj Plastic India v. M/s. Bhola Plastic Industries (5), Macwell Engineering Works v. Divya Industries (6) and Consolidated Foods Corporation v. Brandon and Co. Pvt. Ltd. (7), relied on. Kaviraj Pandit Durga Dutta Sharma v. Navratna Pharmaceutical Laboratories (8), Khemraj Shrikrishnadas v. M/s. Garg & Co. & Anr. (9), Imperial Tobacco Co. of India Ltd. v. Registrar of Trade Marks (10), Asiatic Government Security Life Assurance Co. Ltd. v. New Asiatic Insurance Co. Ltd. (11), Teju Singh v. Shanta Devi (12), K. M. Multani v. Paramount Talkies of India Ltd. & Ors. (13), R. P. Bulnar Ltd. and Showerings Ltd. v. J. Bollinger S. A. and Champagne Lanson Pere of Fils (14), Fisons Limited v. Godwin (Pest Industries) Limited (15), referred to.

*K. S. Nanavati*, for the Appellant

*Arun H. Mehta*, for the Respondent

**SHAH, J.** This is an appeal under S. 104 read with Order 43 of the Code of Civil Procedure. It is directed against the order dated January 6, 1992, passed by the learned Judge, City Civil Court, Ahmedabad, on the Respondent's application Exh. 6 in Regular Civil Suit No. 5002 of 1991, for interim injunction. The respondent before me was the plaintiff in the suit, and the appellant was defendant No. 1. For the sake of convenience, I will refer to them by their position, they occupied before the trial Court, i.e., respondent as "the plaintiff" and the appellant as "the defendant".

2. By the impugned order, the learned Judge has issued an interim injunction restraining the defendant from manufacturing, marketing and selling their tea products under mark "SARGAM", during the pendency of the suit.

3. The plaintiff is a company carrying on the business of blending, processing and marketing tea under different trade marks. The defendant is also a company engaged in the similar business of blending, processing and marketing of tea under different trade marks. As stated in the plaint, the plaintiff is a very well-known manufacturer of various brands of tea, and its products are very famous in the market. In order to distinguish its products from the products of others, the plaintiff has adopted a specially designed label, after adopting the trade mark "SARGAM" in respect of the tea, they have been marketing. Before doing so, the plaintiff had carried out a wide search in the market for its trade mark SARGAM which was conceived by the plaintiff long before, and also the plaintiff had made a search with the Trade Mark Registry, and had found that no other party in the market had any resembling

---

(1) AIR 1939 Rangoon 343 (2) AIR 1957 Madras 148(3) AIR 1978 Delhi 250  
(4) AIR 1986 Delhi 329 (5) AIR 1954 Delhi 441  
(6) A.O. No. 84 of 1973 decided on 18-11-74 by Guj. H. C. (7) AIR 1965 Bombay 35  
(8) AIR 1965 SC 980 (9) AIR 1975 Delhi 130 (10) AIR 1968 Cal. 582  
(11) AIR 1939 Madras 555 (12) AIR 1974 AP 274 (13) AIR 1942 Bombay 241  
(14) 1978 RPC 79 (15) 1976 RPC 653

or conflicting mark in relation to its tea. According to the plaintiff, it has also applied to the Trade Mark Registry for registration of the trade mark "SARGAM". It is the case of the plaintiff that it is the proprietor of the trade mark "SARGAM". The plaintiff has prepared labels bearing that mark for being used for the sale of its tea. Before putting its tea under the trade mark "SARGAM" in the market, the plaintiff had made all the necessary preparations, such as preparation for cylinders, packet rolls, printing and packing materials, etc. The plaintiff had also put in advertisements for its tea under the trade mark "SARGAM", and had got prepared advertising materials in huge quantity. According to the plaintiff, it has put in the market, its product, i. e., tea under the trade mark "SARGAM", and it has received very good demand for that tea from the consumers.

4. It is the grievance of the plaintiff that sometime prior to the filing of the suit, it came to know that the defendant had adopted a similar trade mark "SARGAM" as that of the plaintiff, in relation to its (defendant's) product tea, which the defendant was intending to put in the market. The plaintiff, therefore, immediately informed the defendant by a telegram, the fact that it (the plaintiff) had registered the brand name "SARGAM" under application No. 547824, and that the plaintiff has been marketing tea since long. It is the case of the plaintiff that even after receiving its telegram, the defendant sheerly ignored that telegram. It is further the case of the plaintiff that it had inserted a caution notice in a Gujarati Newspaper "Sandesh" on August 28, 1991, stating that the plaintiff is the sole proprietor of the trade mark "SARGAM" being used in relation to its product tea, and that the proceedings for registration of that trade mark were going on. With the aforesaid statements in the caution notice inserted in the Gujarati newspaper "Sandesh", the plaintiff warned others against copying the aforesaid trade mark.

5. According to the plaintiff, inspite of the facts as aforesaid, the defendant had advertised to launch its product (tea) under the trade mark "SARGAM", which the defendant had no right to do. As stated by the plaintiff in the plaint, the defendant is trying to introduce its product in the market under the identical or confusingly or deceptively similar trade mark "SARGAM", and thus, the defendant is threatening to pass off its goods as that of the plaintiff. On these allegations in the main, the plaintiff prayed for a permanent injunction restraining the defendant from manufacturing and marketing tea under the name "SARGAM" having identical or confusingly or deceptively similar trade mark. The plaintiff also prayed for an order directing the defendant to render accounts of its sales and profits derived from the sale of tea under the trade mark "SARGAM" and also prayed for a decree for the amount of profits illegally earned by the defendant. Further consequential reliefs have also been prayed by the plaintiff.

6. In the suit, the plaintiff took out the aforesaid application for interim relief. After hearing both the parties, the learned Judge has passed the impugned order.

7. I have heard Mr. K. S. Nanavati, learned Advocate for the defendant (the appellant) and Mr. Arun H. Mehta, learned Advocate for the plaintiff (the Respondent). Certain vital facts may, at first, be noticed.

8. It is undisputed that it was the plaintiff who entered the market earlier than the defendant with its product tea under the trade mark "SARGAM". The record

clearly shows that the plaintiff effected its first sale of tea under the trade mark "SARGAM" on June 26, 1991. It is also the case of the plaintiff that its total sales upto August 31, 1991 came to 24,110 Kgs. of tea, valued at Rs. 15.0 lacs and odd. The suit has been filed on September 4, 1991. It clearly appears from the record that on July 25, 1990, M/s. Interact Communications, submitted an Agency Service Report to the plaintiff stating that agency had presented to the plaintiff, brand names for the new packaged tea to be introduced shortly by the plaintiff in Gujarat and its adjacent States, and that the trade name "SARGAM" as recommended by the Agency was approved by the plaintiff. The plaintiff, then on August 9, 1990, made an application for search relating to the trade mark "SARGAM" (word *per se*) to the Trade Mark Registry and the Registry informed the plaintiff by a communication dated September 11, 1990 that amongst the collection of pending marks upto April 30, 1990, there did not appear to be any mark on record which resembled the mark sent by the plaintiff for search. The plaintiff then got the labels for the packets of tea prepared through Mudra Communications Ltd. The bill for the purchase from Mudra Communications Ltd. is dated January 15, 1991. On March 25, 1991 the plaintiff applied to the Trade Mark Registry for registration of its mark "SARGAM". Around May 1, 1991 the plaintiff through Interact Communications, got the art work for 250 & 500 gms. packets of tea prepared. On June 4, 1991, the plaintiff received a bill from Vallabh Polypack Industries, for supply of 250 and 500 gms. bags bearing the trade mark "SARGAM" which the plaintiff had got prepared through that Vallabh Polypack Industries. On July 7, 1991, the plaintiff applied to the Trade Mark Registry for the registration of its labels carrying the logo and the trade mark "SARGAM". From June 10, 1991, the plaintiff started received orders for the sale of tea under the trade mark "SARGAM", and as stated earlier, the first sale of plaintiff's tea under the trade mark "SARGAM" effected by the plaintiff was on June 28, 1991. Between June 28, 1991 and August 31, 1991, the plaintiff sold 24,110 Kgs. of tea under the trade mark "SARGAM", the value of which came to Rs. 15,76,740/-. As said earlier, on August 26, 1991, the plaintiff sent to the defendant a telegram, and on August 28, 1991, the plaintiff inserted a caution notice in Gujarati daily newspaper "Sandesh".

9. So far as the defendant is concerned, it was on November 28, 1990 that it received a report from Trikyia Gray, suggesting the brand name "SARGAM" or "SAVERA", and on December 24, 1990, the defendant approved the brand name "SARGAM". Though the defendant obtained the report from its Solicitors and Legal Advisers B. P. Ahuja & Co., and Keyser & Co. in April, 1991, stating that no application for registration of the mark "SARGAM" was pending in the Trade Mark Registry, it is not the case of the defendant that it had got any search made in the Trade Mark Registry for the purpose of finding out whether any other party had applied for the registration of the trade mark "SARGAM" in relation to its product tea. As shown hereinabove, the plaintiff had, on March 25, 1991, applied to the Trade Mark Registry for the registration of its trade mark "SARGAM". In view of that fact, the reports of M/s. B. P. Ahuja & Co., and Keyser & Co., the Legal Advisers/Solicitors of the defendant would be meaningless. On January 2, 1991, the defendant received a letter from Trikyia Gray enclosing three sets of art work for "SARGAM". Between January 4, 1991 and January 14, 1991, the defendant through Trikyia Gray

and other agencies, went ahead with getting the art work for the small sachets prepared. On April 22, 1991, the defendant applied to the Trade Mark Registry for registration of its mark "SARGAM". It is the case of the defendant that in January, 1991, it had got the jingle bell for broadcasting, composed. However, on the record of the case, no proof has been produced to show that such a jingle bell was ever broadcast on behalf of the defendant. On April 23, 1991, the defendant applied for registration of its label.

**10.** It is the case of the defendant that its first sale of tea under the trade mark "SARGAM" was effected on August 5, 1991. However, as the record clearly shows, and as the learned trial Judge has rightly pointed out, that was not a real sale. It was only a despatch made by the defendant to its consignment agent.

**11.** The learned trial Judge has very heavily and, in my opinion rightly, relied upon the letter dated August 22, 1991, received by the defendant from L. S. Dawar & Co., Patents & Trade Mark Attorneys. That letter dated August 22, 1991, was written by L. S. Dawar & Co. to the defendant in reply to the defendant's letter dated August 2, 1991. That letter is with reference to the passing off of the trade mark "SARGAM" by C. Somabhai Tea Processors, Ahmedabad (i.e. the plaintiff). It appears that on August 2, 1991, the defendant informed their attorney M/s. L. S. Dawar & Co. that indential trade mark "SARGAM" has been introduced in the market by the plaintiff in Ahmedabad. Thus, at least on August 2, 1991, the defendant knew that the plaintiff has already entered the market with its tea under the trade mark "SARGAM". In this letter dated August 22, 1991, L. S. Dawar & Co., the Attorneys of the defendant inquired from the defendant to know as to when the product tea under the trade name "SARGAM" was first introduced by the plaintiff. The Attorneys requested the defendant to make an investigation in Ahmedabad market through one of the Distributors or Stockists of the defendant on the aforesaid line. In that letter dated August 22, 1991, the Attorneys also informed the defendant that they were filing an application for official search at the Trade Mark Registry at Bombay to determine whether any application for registration of the trade mark "SARGAM" has been filed by the plaintiff. This is the first indication on the part of the Attorneys of the defendant to make an official search in the Trade Mark Registry, whether the plaintiff had applied for registration of its trade mark "SARGAM". In this letter dated August 22, 1991, the Attorneys further stated that they understood that the defendant would be launching its product tea under the name "SARGAM" in the market "shortly".

Thus, this letter dated August 22, 1991, of L. S. Dawar & Co., Patents and Trade Mark Attorneys to the defendant firstly makes it clear that at least on August 2, 1991, the defendant knew that the plaintiff had already entered the market with its product tea, under the trade mark "SARGAM". Secondly, the letter clearly shows that the Attorneys wanted to know from the defendant as to when exactly the plaintiff had introduced its product tea under the trade name "SARGAM" in the market. Thirdly, the letter makes it clear that till around August 22, 1991, no application was filed by or on behalf of the defendant in the Trade Mark Registry, with a view to knowing whether any application was made by any other party for registration of the trade mark "SARGAM", and lastly, but most importantly, the letter shows

that till August 22, 1991, the defendant had not entered the market with its product tea, under the trade mark "SARGAM", and that the defendant was shortly going to launch its product tea under the trade mark "SARGAM". Viewed from these facts, the defendant's case that it had effected its first sale of tea under the trade mark "SARGAM" on August 5, 1991, cannot be accepted, and even otherwise, taking the defendant's case at its face value, what it had done on August 5, 1991, was sending only a consignment to its Consignment Agent, and that certainly, cannot be said to be a sale, as observed by the learned Judge.

**12.** There is one other piece of evidence on record, which is also required to be noticed. One Mr. G. Hemchandran is an officer of the defendant, and he is a Power of Attorney-holder of the defendant. In the suit, he has filed affidavits at Exhs. 28 and 49 on behalf of the defendant. The plaintiff has produced the evidence to show that this Hemchandran had, on August 3, 1991, purchased from Narayan Trading Company at Anand, 3.5 Kgs, of SARGAM tea for Rs. 247/-. The cash memo for that purchase, and the affidavit of Yogeshbhai of Narayan Trading Company have been produced by the plaintiff on the record. These facts would show that the Power of Attorney-holder of the defendant had purchased from the dealer or distributor of the plaintiff, tea under the trade mark "SARGAM" on August 3, 1991. The defendant, therefore, on that date, knew that the plaintiff had already entered the market with its product tea under the trade mark "SARGAM". When we keep this fact in mind, the intention of the defendant in sending the consignment of some tea to its Consignment Agent on August 5, 1991 which, as said earlier could, by no stretch of logic, be said to be a real sale becomes clear.

**13.** Then, it is an undisputed position that on August 26, 1991, the plaintiff sent to the defendant, a telegram, Mark 3/10 on the record. In that telegram the plaintiff stated as follows :

" AHMEDABAD 26/8

DUNCANS AGRO INDUSTRIES LTD., 37 N. S. ROAD, CALCUTTA.

WE HAVE INFORMATION THAT IN NEAR FUTURE YOU ARE LAUNCHING TEA IN BRAND NAME SARGAM OR TRUST TO IT (.) WE HAVE REGISTERED THE BRAND NAME SARGAM WHILE APPLICATION NO. 647824 AND MARKETING THE TEA SINCE LONG (.) THIS IS FOR YOUR KIND ATTENTION PLEASE.

— SOMABHAI TEA PROCESSORS PVT. LTD., SHANUBHAI CHAMBERS, OPP. V. S. HOSPITAL, AHMEDABAD- 6. "

On August 28, 1991, the plaintiff inserted a public warning or a caution notice in the Gujarati daily newspaper "Sandesh" stating that it is the Sole Proprietor of the trade mark "SARGAM" and the logo as shown in the caution notice, and that the proceedings of registration of that trade mark were going on.

**14.** It appears that the defendant had, on or about August 28, 1991, arranged a ceremony for the inaugural of its SARGAM tea, and for that purpose, had inserted an advertisement in a newspaper dated August 28, 1991 (Mark 3/9).

**15.** The above facts would clearly show that whereas the plaintiff entered the market with the sale of its product tea under the trade mark "SARGAM" on June 28, 1991, till as late as August 28, 1991, the defendant had not effected any sale

of its tea under the trade mark "SARGAM". As indicated hereinabove, what was done by the defendant on August 5, 1991, was not a sale at all. It was a consignment sent to its Consignment Agent. The facts further show that perhaps upto a certain stage, on one hand the plaintiff and on the other the defendant, went ahead with making preparations for introducing their tea under the trade mark "SARGAM", one unaware of the activities and progress of the other, in that matter, but the evidence *prima facie* clearly shows that latest by August 2, 1991 (the date of the defendant's letter to L. S. Lawar & Co.), the defendant very well knew that the plaintiff had already entered the market with its products tea under the trade mark "SARGAM". On August 3, 1991, G. Hemchandran, the Power of Attorney-holder of the defendant purchased plaintiff's tea "SARGAM" from the plaintiff's dealer at Anand. On August 26, 1991, the plaintiff sent to the defendant a telegram, the contents of which I have excerpted hereinabove. The defendant has not been able to show by any *prima facie* evidence that upto August 28, 1991, it had effected even a single sale of its tea under the trade mark "SARGAM". On one hand, on or around August 28, 1991, the defendant arranged an inaugural for introduction of its tea under the trade mark "SARGAM" and for that purpose inserted an advertisement referred to hereinabove, and on the same date, i.e., on August 28, 1991, the plaintiff inserted a caution notice in the Gujarati daily newspaper "Sandesh". Of course, the defendant has not brought out on record clearly, as to when was it, on or after August 28, 1991, that it effected the first sale of its tea under the trade mark "SARGAM". But the *prima facie* facts brought on record clearly show that it was not till August 28, 1991 that the defendant had effected any sale of its tea under the trade mark "SARGAM". Earliest the defendant must have effected the sale of tea under the trade mark "SARGAM" could be on August 28, 1991, or even thereafter. The defendant did so with the full knowledge that the plaintiff had already entered the market with its product tea under the trade mark "SARGAM", and that the plaintiff had already started selling tea under that trade mark not only at Ahmedabad but at other places like Anand, etc. In fact, what is apparent from the letter dated August 22, 1991 of L.S. Dawar & Co. to the defendant is that in its letter dated August 2, 1991, addressed by the defendant to L. S. Dawar & Co., the defendant stated that the plaintiff had already started selling tea under the trade mark "SARGAM", and that act of the plaintiff was in the nature of passing off its goods as that of the defendant. In fact, upto August 2, 1991, the defendant had not effected a single sale of its product tea under the trade mark "SARGAM". Therefore, that complaint made by the defendant in its letter dated August 2, 1991 to its Trade Mark Attorneys L. S. Dawar & Co., to say the least, was ill-founded and perhaps, it was aimed at creating evidence. Be that as it may, one thing is certain that with the full knowledge that the plaintiff had already entered the market with its product tea under the trade mark "SARGAM", the defendant also entered the market with its product tea under the same trade mark "SARGAM". To put it differently, the plaintiff was the prior user of the trade mark "SARGAM", and the defendant followed the plaintiff with full knowledge that the plaintiff had already entered the market. This *prima facie* finding as recorded by the learned Judge is unassailable at the interlocutory stage, and was not even challenged by Mr. K. S. Nanavati, the learned Advocate for the appellant (the defendant).

**16.** Mr. Nanavati, however, submitted that this is not an action for infringement of a registered trade mark. This is a passing off action and that action is based on deceit, and unless the plaintiff shows that the defendant intended to deceive the plaintiff no relief, much less, an interim relief, could be granted to the plaintiff. I think, the argument cannot be accepted.

**17.** It is an undisputed fact that after the filing of the present suit by the plaintiff against the defendant, the defendant has commenced suits against the plaintiff in various Courts in India, in regard to this very trade mark "SARGAM", to be used in relation to the product tea. It appears that upon the application of the plaintiff, Their Lordships of the Supreme Court have transferred all those suits to the City Civil Court at Ahmedabad. The list of those suits is as follows :

- (1) Special Civil Suit No. 2 of 1992 in the Court of the District Judge, Vadodara.
- (2) Civil Suit No. 1174 of 1991 in the Court of the Civil Judge at Ghaziabad (U.P.).
- (3) Civil Suit No. 2 of 1991 in the Court of Civil Judge, Muzaffarnagar (U.P.).
- (4) Civil Suit No. 84/A of 1991 in the Court of Civil Judge, Jabalpur (M.P) and
- (5) Civil Suit No. 1 of 1992 in the Court of Additional District Judge, Gurdaspur.

Admittedly, all these suits came to be filed by the defendant against the plaintiff after the plaintiff filed the present suit against the defendant in the City Civil Court. The fact that the defendant filed the abovementioned suits against the plaintiff in relation to this very trade mark "SARGAM" to be used in relation to the product tea is, at this juncture, *prima facie* proof of the fact that even according to the defendant, the two marks are so similar that an unwary purchaser would be confused and deceived into purchasing the product of one as the product of the other. The fact that the defendant filed the abovementioned suits against the plaintiff would go to show that the trade mark "SARGAM" used by the plaintiff, and that used by the defendant are so similar as to cause confusion in the mind of the purchaser, and mislead the purchaser into purchasing the product of one, when in fact, the purchaser wanted to purchase the product of the other. In a suit like this, at an interlocutory stage, I think, nothing further is required to be shown by the plaintiff for arguing that the purchaser is likely to be deceived by the use of the same or similar trade mark by the defendant. The first submission of Mr. Nanavati, therefore, fails.

**18.** Mr. Nanavati, nextly argued that in its labels and packaging material, the defendant has, besides the word "SARGAM" used its own name "Duncans" in rhombus or in hexagon design and that is an added material, on the basis of which the defendant can defend the action for passing off and contend that the plaintiff is not entitled to any injunction. Here again, I am not in a position to agree with the submission of Mr. Nanavati. The argument is required to be rejected for the same reasons which I have given just now, on the basis that the defendant itself had filed various suits in Courts outside Ahmedabad, in relation to this very trade mark "SARGAM" used in connection with the product tea, by the plaintiff. If by the addition of the name "Duncans" in a rhombus or hexagon design, in its packing material, according to the defendant, the chances of deception to the unwary purchaser were totally eliminated, there was no need for the defendant to have filed the aforesaid suits.



**19.** It is the contention of the plaintiff that the defendant is a giant company whereas the plaintiff is a small unit, and the defendant with sheer money power, wants to throw away the plaintiff from the market, and towards that end, the defendant has adopted the tactics of harassing the plaintiff by dragging the plaintiff to the Courts at far off places in India. The argument of the plaintiff, in my opinion, is not totally devoid of merits. It is required to be noticed that the present suit has been filed on September 4, 1991, in the City Civil Court at Ahmedabad. The defendant had, before the filing of the suit, filed a Caveat in the City Civil Court on August 31, 1991. In that Caveat Application, the defendant stated that it has launched its packed tea under the trade mark "SARGAM" throughout India, and that the plaintiff is trying to launch its processed tea under the impugned trade mark "SARGAM" in the State of Gujarat with a view to create a problem. Now, these statements made by the defendant in the Caveat Application filed in the City Civil Court at Ahmedabad on August 31, 1991, were incorrect. As indicated hereinabove, the defendant knew very well that the plaintiff had already entered the market with its product tea under their trade mark "SARGAM", and it was thereafter that the defendant had attempted to enter the market with its product tea, under the trade mark "SARGAM". As shown earlier, upto August 28, 1991, not a single instance of sale of tea under the trade mark "SARGAM" effected by the defendant has been pointed out, and on August 31, 1991, the defendant made a tall claim of having launched its packed tea under the trade mark "SARGAM" throughout India. These facts would supply a piece of evidence bearing upon the conduct of the defendant.

**20.** Furthermore, though the copy of the plaint with the copy of the list of documents and the Annexures filed alongwith the plaint, were served to the defendant's Advocate on September 4, 1991, the defendant on October 22, 1991, filed against the plaintiff Special Civil Suit No. 660 of 1991, in the Court of the learned Civil Judge (S.D.), Vadodara for an injunction restraining the plaintiff from selling or offering for sale, etc., tea under the brand name "SARGAM". This, it appears is one more suit which is different from Special Civil Suit No. 2 of 1992 filed by the defendant against the plaintiff in the Court of the learned District Judge, Vadodara, which finds place at Sr. No. 1 in the list of suits transferred by the Supreme Court to the City Civil Court at Ahmedabad.

Thus, it clearly appears that not only that with the full knowledge that the plaintiff had entered the market with its product tea, under the trade mark "SARGAM", the defendant started selling its tea under the trade mark "SARGAM", but also the defendant dragged the plaintiff to various Courts in different litigations in relation to the same trade mark "SARGAM" to be used in connection with the product tea. These features appearing on the record would *prima facie* justify the grievance of the plaintiff that the defendant — a giant company — by sheer money power, is out to throw away the plaintiff — comparatively a small unit — from the market by means more foul than fair.

**21.** Even assuming that upto a certain stage, the plaintiff on one hand and the defendant on the other went on with the preparations for introducing their product tea under the trade mark "SARGAM", one unaware of the activities and progress of the other, it could not be gainsaid at a *prima facie* stage that latest by August 2, 1991, the defendant did have full knowledge of the fact that the plaintiff had

already entered the market with its product tea under the trade mark "SARGAM", and till then the defendant had not entered the market with its product tea under the trade mark "SARGAM". As indicated hereinabove, on the defendant's own showing, by its conduct of filing six suits against the plaintiff in relation to the trade mark "SARGAM", the use of the trade mark "SARGAM", in all probabilities is likely to deceive the customers or create confusion in their mind. With the full knowledge that the plaintiff had entered the market first, it was expected of the defendant that it desisted from going ahead with the preparations for introducing in the market, its product tea under the trade mark "SARGAM". In not having done so, the defendant was guilty of evil intention of cashing in on the reputation built by the plaintiff by introducing its product tea in the market under the trade mark "SARGAM".

**22.** Mr. Nanavati submitted that by the time the defendant might have come to know of the fact that the plaintiff had already entered the market, the defendant had made huge expenses for launching its tea in the market, and at that stage, it would have been impossible for the defendant to retrace its steps or desist from introducing or launching its product tea in the market, under the trade mark "SARGAM". I am not impressed by this argument. May be, by the time the defendant came to know the fact that the plaintiff had already entered the market with its product tea under the trade mark "SARGAM", it might have made quite a sizable expenditure for the preparations for launching its tea under the trade mark "SARGAM". But once having come to know that the plaintiff had already entered the market with its tea under the trade mark "SARGAM", the defendant was, at any cost, required to stay its hands off from launching its tea in the market under the trade mark "SARGAM". If in the process, the defendant had to write off the expenses incurred by it till then, that would be a part in the business and it could not be helped. But as the defendant entered the market with its product tea, under the trade mark "SARGAM" with the full knowledge of the fact that the plaintiff had already entered the market with its product tea under the trade mark "SARGAM", even at this interlocutory stage, the finding inescapable would be that the defendant wanted to take illegal advantage of the plaintiff having acquired reputation in the market in relation to its product tea, under the trade mark "SARGAM".

**23.** Mr. Nanavati submitted that the learned trial Judge has been swayed away by the consideration that it was the plaintiff who entered the market first. According to Mr. Nanavati, in an action for passing off, who entered the market first, is not the relevant or at least, the sole consideration. I think the argument of Mr. Nanavati cannot be accepted.

**24.** In *Gaw Kan Lye v. Saw Kyone Saing*, AIR 1939 Rangoon 343, the Full Bench of the Rangoon High Court was concerned with a passing off action. At the relevant time, in Burma, a suit lay for passing off, and not for infringement of trade mark, as there was no statutory provision for the registration of trade marks. In that case, the Full Bench said :

"If the mark or design be a distinctive one, the trader who adopts it is entitled to protection directly the article having assumed a vendible character is launched upon the market. As between two competitors who are each desirous of adopting a mark which is distinctive in character, it is entirely a question of who gets there first."

The Full Bench of the Rangoon High Court referred to the decision in (1931) 48 RPC, 227, (at p. 253), where Lawrence, L. J. said :

"The cases to which I have referred (and there are others to the like effect) show that it was firmly established at the time when the Act of 1975 was passed that a trader acquired a right of property in a distinctive mark merely by using it upon or in connection with his goods irrespective of the length of such user and of the extent of his trade and that such right of property would be protected by an injunction restraining any other person from using the mark."

The Full Bench also referred to the opinion of Romer, L. J. at page 260 in the aforesaid judgment in (1931) 48 RPC 227, where Romer L. J. *inter alia* said :

"If a trader uses a mark upon or in connection with his goods with the intention of indicating their origin, surely he is using it as a trade mark from the moment of the first user, which will probably be many months before the public has come to recognise the mark as indicating origin."

Romer, L. J. further observed :

"In my opinion a trader is at any rate using a mark as a trade mark when he first uses it upon or in connection with his goods with the intention of indicating origin, assuming of course that it is a mark capable of so doing. In other words, intention without public recognition is enough."

The Full Bench of the Rangoon High Court, on page 345, left hand column of the report, observed :

"Now, if the mark or design be a distinctive one it seems clear upon authority that the trader who adopts it is entitled to protection directly the article having assumed a vendible character, is launched upon the market. As between two competitors who are each desirous of adopting a mark which is distinctive in character it is, to use familiar language, entirely a question of who gets there first."

The Full Bench of the Rangoon High Court referred to the opinion of Iqbal Ahmad, J. in 58 All 510 (at p. 548), to the following effect :

"All that is necessary for the plaintiff to prove is that the mark used by the defendant is likely to deceive purchasers of the class who buy the goods bearing the plaintiff's mark, and it is not necessary to prove actual deception."

**25.** In *T. G. Balaji Chettair, v. Hindustan Lever Ltd., Bombay*, AIR 1987 Madras 148, the learned single Judge of the Madras High Court held :

"The person who first designed or who used a trade mark first is the person entitled to claim the proprietorship thereof unless subsequently he has dealt with the same and some other has obtained rights thereto in the manner known to and recognised by law."

**26.** The Division Bench of the Delhi High Court in *Century Traders v. Roshan Lal Duggar & Co. and Ors.*, AIR 1978 Delhi 250, held :

"In an action for passing off in order to succeed in getting an interim injunction the plaintiff has to establish user of the mark prior in point of time than the impugned user by the defendants. The registration of the mark or similar mark prior in point of time to user by the plaintiff is irrelevant in an action for passing off and the mere presence of the mark in the register maintained by the Trade Mark Registry does not prove its user by the persons in whose names the mark is registered and is irrelevant for the purpose of deciding the application for interim injunction unless evidence has been led or is available of user of their registered trade mark."

**27.** In *Dr. Ganga Prashad Gupta & Sons v. S. C. Gudimani*, AIR 1986, Delhi 329, it has been held :

"A trader acquires a right in a distinctive mark merely by using it upon or in connection with his goods irrespective of the length of such user and the extent of his trade, and this is independent of its registration which merely affords further protection under the statute. Priority in adoption and use of trade mark is superior to priority in registration."

**28.** In *M/s. Manoj Plastic India v. M/s. Bholu Plastic Industries*, AIR 1984 Delhi 441, Sultan Singh, J. held :

"In an action for passing off the plaintiff has to establish user of the mark prior in point of time than the impugned user by the defendants. The registration of the mark prior in point of time to user by the plaintiff is irrelevant in an action for passing off. Proof of actual damage or tread is also unnecessary in a passing off action. If there is a likelihood of the offending trade mark invading the proprietary right, a case for injunction is made."

**29.** In *Macwell Engineering Works, Ahmedabad v. Divya Industries, Rajkot*, Appeal From order No. 84 of 1973, decided by M. P. Thakkar, J. (as his Lordship then was), on November 18, 1974, the facts *inter alia* were that the plaintiff had started manufacture as oil engines only a few months earlier than the defendant, and applications of both the plaintiff and the defendant for registration of their mark were pending. As the learned District Judge, in that case, *inter alia* found, that the use of the trade mark by both the plaintiff and the defendant was almost around the same period, with difference of some few months, he refused to grant interim relief to the plaintiff. However, M. P. Thakkar, J. in that judgment held :

"Having come to the conclusion that the plaintiff had started the manufacture of oil engines under the trade name "Macwell" earlier than the defendant, in view of the aforesaid circumstances, the learned trial Judge ought to have granted the interim injunction. It ought to have been realised that it was not merely a case of protecting the right of the plaintiff. The Court was also concerned in protecting the consumers."

The reference by the words "the aforesaid circumstances" was to the similarity of the two marks.

**30.** In *Consolidated Foods Corporation v. Brandon & Co. Pvt. Ltd.*, AIR 1965 Bombay, 35 Shah, J., after considering a number of judgments on the point similar to the one with which I am concerned in this appeal, in paragraph 27 of the report said :

"To summarise, therefore, a trader acquires a right of property in a distinctive mark merely by using it upon or in connection with his goods irrespective of the length of such user and the extent of his trade. The trader who adopts such a mark is entitled to protection directly the article having assumed a vendible character is launched upon the market. As between two competitors who are each desirous of keeping such a mark, "it is, to use familiar language, entirely a question of who gets there first".

The aforesaid observations made by Shah, J. by way of summary are, it appears, taken by him from the decision in the case reported at *AIR 1939 Rangoon 343 (Full Bench) (supra)*. In other words, the observations made by the Full Bench of Rangoon High Court, after a reference to the opinions of *Lawrence, L. J.* and *Romer, L. J. in (1931) 68 RPC 227*, have been approved by Shah, J. in the aforesaid judgment.

Mr. Nanavati, learned Advocate for the defendant, tried to distinguish this judgment of Shah, J. by submitting that as the opening words in para 27 show, the Bombay High Court was, in that case, not concerned with a passing off action or an action for infringement of trade mark. In the submission of Mr. Nanavati, therefore, that decision can have no application to the facts of the case before me. I am afraid, the submission of Mr. Nanavati is not well founded. What is required to be noticed is the principle of law enunciated by the Full Bench of the Rangoon High Court in *AIR 1939 (Rangoon) 343*, which has been approved by Shah, J. in the aforesaid judgment.

**31.** The aforesaid judgments clearly show that a trader who first goes to the market with his product under a particular trade mark or trade name as a distinctive mark, gets the proprietary right to use that mark, to the exclusion of others, irrespective of the length of user or extent of his business. As is clear from the judgment rendered by M. P. Thakkar, J. in *Appeal from Order No. 84 of 1973*, even if the plaintiff's user was only few months prior to that of the defendant, the plaintiff would be entitled to an injunction restraining the defendant from using that mark or a similar mark.

**32.** I have hereinabove shown that the argument of Mr. Nanavati, learned Advocate for the defendant that as the defendant had put the word "Duncans" in a rhombus or hexagon design on the wrappers, that would furnish additional material or added material to distinguish the defendant's goods from the plaintiff's, cannot be accepted for the simple reason that the defendant itself has gone to the various Courts against the plaintiff with an allegations that the use of the mark "SARGAM" by the plaintiff in relation to its tea is likely to mislead, confuse or deceive the customers. The addition of the word "Duncans" in the rhombus or hexagon design on the packing material of the defendant, therefore, would have no significance. Reliance placed by Mr. Nanavati, learned Advocate for the defendant on the observations of Their Lordships of the Supreme Court in *Kaviraj Pandit Durga Dutt Sharma v. Navaratna Pharmaceutical Laboratories, AIR 1965 SC 980* in the words "the defendant may escape liability if he can show that the added matter is sufficient to distinguish his goods from those of the plaintiff", in my opinion, is of no help to the defendant, in the facts and circumstances of the case.

**33.** The argument that by the time the defendant came to know that the plaintiff had already entered the market with its tea under the trade mark or trade name "SARGAM", the defendant had made huge expenses for introducing or launching its tea under the same trade mark or trade name, and therefore, the plaintiff should be disentitled to an injunction, is also met by the observations of the Full Bench of the Rangoon High Court reported in *AIR 1939 Rangoon 343 (supra)*, where the Full Bench has said :

"Again, in (1882) 7 A C 219 at p. 231 Lord Blackburn said that he did not think that any hardship was inflicted on honest traders by holding that if they do not take pains when making a new mark to make it quite unlike an established one, they do so as the peril of making it evidence against themselves."

**34.** Here in the case before me, as is clear from the record, the defendant did not make proper inquiries to see if any application for registration of the trade mark

"SARGAM" was pending with the Registrar of Trade Marks till as late as August 22, 1991. Latest by August 2, 1991, the defendant knew that the plaintiff had already entered the market with its product tea, under the trade mark "SARGAM". On August 3, 1991, the defendant through its Power of Attorney-holder purchased at Anand 3.5 Kgs. of tea under two different packets. The defendant by then must have known the user of the word "SARGAM" by the plaintiff in relation to its tea. The defendant must have, by then, known that the plaintiff had been selling its tea under the trade name "SARGAM". The defendant by then must have known the get up and the design of the packing material and the use of the word "SARGAM" thereon, by the plaintiff. If the defendant wanted to avoid any hardships, it should have immediately changed its mark and should have made it quite unlike the established mark of the plaintiff. According to the plaintiff, it launched its product tea, in the market and made the first sale on June 28, 1991. By August 31, 1991, the plaintiff had effected sales to the extent of 24,110 Kgs. of tea valued at Rs. 15,76,740/-. At least as late as August 28, 1991, the defendant had not effected a single sale of tea under the trade name or trade mark "SARGAM". All these facts taken in their totality would justify the case of the plaintiff for the interlocutory injunction against the defendant as prayed in the interlocutory application. Firstly, the plaintiff has, by being the prior user of the mark, acquired a proprietary right to use the mark to the exclusion of others. Secondly, the probability of the customers being deceived or confused was not only apparent, but was even apprehended by the defendant as is clear from the fact that the defendant filed various suits against the plaintiff on similar allegations. The plaintiff, therefore, has proved a *prima facie* case.

**35.** So far as balance of convenience is concerned, the plaintiff has a better case. Unaware of the fact that the defendant was thinking of launching its tea under the trade mark or trade name "SARGAM", the plaintiff went ahead with making preparations for launching its tea under the trade mark or trade name "SARGAM" right since July 25, 1990, and entered the market on June 28, 1991. As against this, the defendant, with the full knowledge of the fact that plaintiff had entered the market, not only launched its tea under the trade mark or trade name "SARGAM", but tried to throw away the plaintiff from the market, firstly by its money power and secondly by resorting to various tactics of dragging the plaintiff to various Courts. By August 31, 1991, the plaintiff had sold tea under the trade mark or trade name "SARGAM" to the extent of Rs. 15,76,740/-. If the defendant is permitted to sell its tea under the trade mark or trade name "SARGAM", that would certainly adversely affect the plaintiff's financial interest, and even a direction to the defendant to maintain accounts of its sale would not be an adequate remedy to compensate the plaintiff in the event of the plaintiff ultimately succeeding in the suit. Thus, on the question of balance of convenience, as also on the question of irreparable loss, I think the plaintiff has a case for interim relief.

**36.** Mr. Nanavati, learned Advocate for the defendant, relied upon the following judgments :

- (i) *Khemraj Shrikrishnadas v. M/s. Garg & Co. and Anr.*, AIR 1975 Delhi, 130.
- (ii) *Imperial Thecco Co. of India Ltd. v. Registrar of Trade Marks & Anr.*, AIR 1968 Calcutta, 582.

- (iii) *Asiatic Government Security Life Assurance Co. Ltd. v. New Asiatic Insurance Co. Ltd.*, AIR 1939 Madras, 555.
- (iv) *Teju Singh v. Shanta Devi*, AIR 1974 Andhra Pradesh, 274.
- (v) *K. M. Multani v. Paramount Talkies of India Ltd. and Others*, AIR 1942 Bombay 241.
- (vi) *R.P. Bulnor Ltd. and Showerings Ltd. v. J. Bollinger S. A. and Champagne Lanson Pere of Fils*, (1978) R. P. C. 79 and
- (vii) *Fisons Limited v. Godwin (Pest Industries) Limited*, (1976) R.P.C. 653.

I have gone through these judgments and in my opinion, on the fact of the case, as discussed by me hereinabove, none of them has any assistance to render to the case of the defendant.

37. Having considered the matter from all relevant angles, I think the impugned order of the learned Judge, City Civil Court, is unexceptionable. This Appeal from Order should, therefore, fail. It is accordingly dismissed with costs. Interim stay granted by this Court on Civil Application No. 295 of 1992 in A. O. No. 31 of 1992, is hereby vacated. Civil Application No. 295 of 1992 is disposed of accordingly.

\* \* \*

#### **Further Order**

On April 8, 1994, evening, when the aforesaid order passed, a request was made on behalf of the appellant that the interim orders of stay be continued for some time, with a view to enabling the appellant to approach the Hon'ble Supreme Court, and obtain appropriate orders. As it was the close of the day, and as Mr. A. H. Mehta, learned Advocate for the respondent was busy in some another Court, by the consent of the party-Advocates, it was decided to keep this matter today, for decision on the aforesaid request.

38. I have heard Mr. Nanavati, learned Advocate for the appellant and Mr. A. H. Mehta, learned Advocate for the respondent.

39. It is undisputed that at the instance of the appellant, in the litigations filed by the appellant in some other Courts, which litigations have now been transferred to the City Civil Court, Ahmedabad, the respondent has been restrained from selling its tea under the trade mark "SARGAM". As held earlier in this judgment, respondent is the first user of the trade mark "SARGAM", it having entered the market earlier than the appellant. Now, if the request as now made by Mr. Nanavati, to stay for a further period the operation of the impugned order is granted, it would come to it that the appellant who, *prima facie* appears to have come to the market later than the respondent would go ahead with the sale of its tea, while the respondent who was earlier in approaching the market with its tea under the trade mark "SARGAM" would stand restrained from selling its tea under the same trade mark. That would certainly be unequitable. While considering the request of Mr. Nanavati to stay the order, which I have declared on April 8, 1994, I would be required to take into consideration the equities between the parties, and it appears to me that it is just and proper that the appellant should be given some time to approach the Hon'ble Supreme Court to challenge the aforesaid order, and in the meantime, the *ad-interim*

injunction granted by the trial Court and now confirmed by this Court should be stayed. At the same time, as said above, equities as regards the respondent have also to be taken care of. Towards that end, I asked Mr. Nanavati, whether the appellant would agree to conceding to the respondent, the liberty to sell its tea under the trade mark "SARGAM" during the period during which this Court might be inclined to stay the operation of the order against the appellant; and Mr. Nanavati, after consulting his client's representative, makes a statement that he would have no objection to the aforesaid course being adopted. In view of the aforesaid facts, the operation of the order of the learned Judge, City Civil Court, Ahmedabad, which is challenged in this appeal, and which I have confirmed, shall stand stayed till May 4, 1994, on a condition, and with a specific concession from the appellant that during that time, the respondent shall also be at liberty to sell its tea under the trade mark "SARGAM", and to that extent, the injunction obtained by the appellant against the respondent shall stand stayed. Order accordingly.

*Petition dismissed.*

\* \* \*

### SUPREME COURT

*Present : Kuldip Singh & S. Mohmad, JJ.*

M/s J. K. BARDOLIA MILLS v. M. L. KHUNGER\*

**Customs Act, 1962 — Secs. 110, 123 & 124 — Where the goods are seized under a reasonable belief that they are liable to be confiscated, one of the conditions for invoking Sec. 123 is satisfied — That is sufficient — How the goods are thereafter dealt with is of no consequence.**

The conditions to be satisfied for application of the provision of Sec. 123 of the Act are-(a) the goods must be one to which Sec. 123 applies, (b) the goods are seized under the Act and (c) the goods must be seized in the reasonable belief that they are smuggled. (Para 6)

It was not disputed before the Assistant Collector that Sec. 123 applied to the goods in dispute. Reasonableness of belief has to be judged in the light of the facts and circumstances of each case. It is not the case of the appellant that in the facts of the present case reasonable belief could not be entertained that the goods were smuggled. The only contention raised by the learned Counsel for the appellant is that in this case the seizure of the goods became illegal due to the non-compliance of the provisions of Sec. 110(2) of the Act and, as such, one of the conditions for the applicability of Sec. 123 is not satisfied. There is no force in the contention. The goods were seized under Sec. 110(1) of the Act by the proper officer on the ground that he had reason to believe that the goods in dispute were liable to be confiscated under the Act. The seizure when made was in accordance with law and no fault could be found with the same. When the goods are seized under Sec. 110(1) of the Act that amounts to seizure of the goods under the Act and one of the conditions for invoking the provisions of Sec. 123 of the Act are satisfied by the mere factum of seizure. The effect of non-compliance of the provisions of Sec. 110(2) would only be that the seized goods are required to be returned to the person from whose possession they were seized. It would not render the initial seizure of the goods illegal. (Para 7)

---

\* Decided on 18-7-1994. Civil Appeal No. 1913 of 1974 against the Judgment of the High Court of Gujarat in Spl. Civil. Appln. No. 576 of 1973.