

**Equivalent Citation:** 93(2001)DLT667, 2001(21)PTC826(Del)

**IN THE HIGH COURT OF DELHI**

I.A. 8127/99 in Suit No. 1821/99

Decided On: 31.07.2001

**Appellants:** Midas Hygenic Industries Pvt. Ltd.

**Vs.**

**Respondent:** Sudhir Bhatia and Ors.

**Hon'ble Judges/Coram:**

Mukul Mudgal, J.

**Counsels:**

For Appellant/Petitioner/plaintiff: Mr. P.N. Lekhi, Sr. Adv. and Mr. Man Mohan Singh, Adv

For Respondents/Defendant: Mr. Harish Malhotra, Mr. Rajendra Aggarwal and Mr. Ashwani Sood, Adv.

**Subject: Intellectual Property Rights**

**Acts/Rules/Orders:**

Indian Penal Code 1860, (IPC) - Section 420; Indian Penal Code 1860, (IPC) - Section 465; Indian Penal Code 1860, (IPC) - Section 489

**Cases Referred:**

Century Traders vs. Roshan Lal Duggar & Co. and others, AIR 1978 Delhi 250

**Case Note:**

a) The case focused on matter to be considered at interim stage in passing off action under Sections 27(2) & 106 of the Trade and Merchandise Marks Act, 1958 - It was found that the prior user should be established and the registration of the trade mark before the registration of mark was not of relevance in an action of passing off at the interim stage

b) It was ruled under Sections 36&44 of the Trade and Merchandise Marks Act, 1958, the effect of assignment and the date of operation in this regard were to be considered at the time of evidence

c) The case debated on grant of injunction for passing off under Sections 106&27(2) of the Trade and Merchandise Marks Act, 1958 - The trademark LAXMAN REKHA was used by the plaintiff and the defendant the nephew of the plaintiff used the trade mark MAGIC LAXMAN REKHA, however both the products were used for same purpose - It was evident that the defendant was working with plaintiff before the launch of this business - The defendant stated that the product MAGIC LAXMAN REKHA was used by it since 1996 and in the application made to the trade mark registry for registration of the said trade mark claiming as continuous user since 1996 - However it was to be denied by the defendant that the plaintiff's predecessor had the copyright in the carton that uses both words 'LAXMAN REKHA' and 'KRAZY LINES' - It was ruled under Order 39 Rules 1&2 of the Civil Procedure Code, 1908, that the injunction was to be granted in favor of the plaintiff

**ORDER**

**Mukul Mudgal, J.**

1. This is an application, filed by the plaintiff under order XXXIX Rules 1 & 2 CPC, praying for an order of ad interim injunction, restraining the defendants from using the trade mark LAXMANREKHA during the pendency of the suit. plaintiff has also prayed for grant of costs in this application.

2. The suit filed by the plaintiff for perpetual injunction inter-alia avers as follows:

(i) that the plaintiff carries on business of manufacturing, marketing and preparation of insect repellents and other hygiene products;

(ii) that there was violation of the trademark KRAZYLINES and LAXMANREKHA which trademarks were conceived and developed in 1988 by the plaintiffs' predecessor;

(iii) that extensive sales and promotional activities have been conducted all over the country for the above brands and LAXMANREKHA was registered and published in the year 1988 in Column 9 of the copyright registrations;

(iv) that extensive sales and advertisement figures have been given from 1990-91 till 1997-98 for the said trademarks;

(v) that the present suit is filed because of dishonest adoption of the mark LAXMANREKHA/MAGIC LAXMANREKHA/L.R. LAXMANREKHA by the defendant which have the similar get-up, layout, colour combinations as used by the plaintiff;

(vi) that the defendant No. 1 who is the nephew of the plaintiff had come to Bombay after the Punjab riots in the year 1984 and worked with the plaintiff since 1985 and assisted the plaintiff;

(vii) that the documents signed by the defendant No. 1 while working with the plaintiff for the period 1986 to 1989 have been filed and relied upon in support of the above assertions;

(viii) that the defendant No. 1 separated in 1990 and started marketing & manufacturing identical products dishonestly;

(ix) that the repellent chinks were first introduced by the plaintiff in the country;

(x) that KRAZYLINES was duly registered in favor of the plaintiff but LAXMANREKHA was opposed by defendant Nos. 1-2 and was advertised in the Trade Mark Journal dated 16th October, 1998 in respect of an application dated 18th February, 1991 which claimed user since 1988 for class 5 preparations;

(xi) that upon the defendants starting manufacturing and deceptively infringing the rights of the plaintiff by manufacturing and marketing chinks bearing the mark LAXMANREKHA in the beginning of the year 1992, a legal notice was sent to the defendants on 28th of February, 1992, objecting against such user;

(xii) that the said notice was replied on 14th March, 1992 by the defendants by raising false and frivolous defenses which inter alia denied confusion, deception due to a different colour scheme & get up and also averred that the plaintiff's product is a herbal product unlike the defendants;

(xiii) that the said reply never alleged that the trademark LAXMANREKHA was used by the defendants earlier than the plaintiff;

(xiv) that on a complaint of the plaintiff a FIR was filed in Bombay and the defendants' employees were arrested and the duplicate materials seized and a consequent complaint filed under Sections [420](#), [465](#) and [489](#) IPC is still pending;

(xv) that a resolution of the dispute was attempted by the relatives of the parties by way of settlement before the Police in which it was agreed that both the parties will not use in any manner the name LAXMANREKHA after 30th June, 1994. However, the defendants 1-2 gave a caution notice through the public claiming themselves to be the proprietors of the same and thereby breached and violated the said agreement and

(xvi) that apart from the user of the trademark LAXMANREKHA, similar packing material violating the plaintiff's registered copyright was used by the defendants leading to the present suit.

3. consequently by this application, temporary injunction is claimed against the defendants and the subordinates etc. from manufacturing, marketing, disputing or selling insecticide, pesticides as well as repellent chinks under the trademark LAXMANREKHA as well as user of packing material having similar get-up, layout, design, colour combination which amounted to the violation of the plaintiff's copyright.

4. In reply to the plaintiff's application, the defendants have pleaded as follows:

(i) that the suit is based on false averments and the plaintiff has only been using the mark KRAZY LINES only not LAXMAN REKHA. The same was used by the plaintiff as slogan and not as a trade mark and adopted by the plaintiff only in 1998-99 to usurp the goodwill of the defendant's goods and the defendants had been using the mark 'Magic Laxman Rekha' since 1989;

(ii) that the registration application for the LAXMAN REKHA was moved for the first time by the plaintiff on 23.4.1999 and the trademark LAXMAN REKHA was not used prior to 1998-99 by the plaintiff which fact is clear from the Deed of Assignment dated 1st of April, 1997 and the plaintiff in order to mislead the Court filed the carton of original LAXMAN REKHA Along with the plaint but did not file the carton of KRAZY LINES and thereby misrepresented to this Court as if the original LAXMAN REKHA was adopted by the plaintiff in 1988 whereas in fact it was adopted by the plaintiff in 1998-99;

(iii) that the predecessor of the plaintiff had applied for registration of the trademark LAXMAN REKHA for Ayurvedic medicinal preparation for insects which is quite different from insecticides and pesticide preparations of the plaintiff which he started manufacturing on 19th August, 1998. The goods manufactured by the defendants are insecticides and pesticides preparation which the plaintiff was not manufacturing at any point of time prior to 19th of August, 1998;

(iv) that the defendant No. 1 has filed several documents to show that it has been using the trademark MAGIC LAXMAN REKHA since 1989 and is a prior user of the same;

(v) that the trade mark LAXMAN REKHA is not registered with the plaintiff and the defendants' application for registration of trade mark MAGIC LAXMAN REKHA is pending since February, 1992 and no case has been made out by the plaintiff for infringement of trademark. No case has been made out for passing off as the defendant No. 1 is the prior user of the trade mark LAXMAN REKHA and the plaintiff's user was only for KRAZY LINES and not for LAXMAN REKHA and which very fact is evident from an application made before the Registrar of Trade Marks on 24.2.1992 where it was averred by the defendant No. 1 that it had been manufacturing MAGIC LAXMAN REKHA white chalks for the last three years. Even the notice given by the plaintiffs' predecessor on 28.2.1992 alleged that the defendant had been using the trade mark LAXMAN REKHA unauthorisedly which show that even as per the plaintiff, defendant No. 1 was using the trade mark LAXMAN REKHA much prior to 28.2.1992;

(vi) that in reply dated 14.3.1992, the defendant No. 1 said categorically that it was using MAGIC LAXMAN REKHA much prior to the plaintiff's using KRAZY LINES as a matter of right and the trademark LAXMAN REKHA was never used by the plaintiff and only KRAZY LINES was used. Using of the slogan as "draw LAXMAN REKHA" could not amount to using the trade mark LAXMAN REKHA and

(vii) that the defendant No. 1 gave a caution notice in newspapers on various occasions including that on 17th July, 1993 which claimed sole and absolute rights for the trade mark MAGIC LAXMAN REKHA and the plaintiff took no objection to that. The defendant No. 1 has given various advertisements on TV since 1992 and the plaintiff has not shown any document to show that the trademark LAXMAN REKHA was used prior to 19.8.1998 except the fact that the words KRAZY LINES were used Along with the slogan 'draw Laxman Rekha' as is clear from the carton KRAZY LINES which was later on removed by the plaintiff after the issuance of caution notice and consequently no case is made out for grant of ad interim injunction.

4. After hearing the counsel for the parties, I am of the view that the suit was filed for passing off in respect of trade mark LAXMAN REKHA and the violation of the copyright in the package design. It has not been denied that the defendant was a nephew of the plaintiff who worked with him in his business. In the course of this working with the business of the plaintiff the defendant had evidently become well aware of the business practices, trading and other technical know-how and the manufacturing process of the plaintiffs.

5. The defendant's case on the other hand is that the plaintiff's trade mark which was in use was 'KRAZY LINES' and not 'Laxman Rekha' though it is not denied that the plaintiff had used the phrase LAXMAN REKHA but it was used in the context of drawing a Laxman Rekha by the plaintiff's product. Thus even the defendant does not deny that the phrase LAXMAN REKHA did figure in the plaintiff's packaging. The defendant had also made a statement before the sales tax authorities to the following effect.

"I have further to state that for the period from 1.4.1990 to 31.3.1991 and 1.4.1991 to 31.3.1992 no sales or purchase have been effected by the company and thus no business has been done by the said company during the said period. Since, no business has been done by the company for the period from 1.4.90 to 31.3.1991 and 1.4.1991 to 31.3.1992, no books of accounts were maintained by the company."

6. Though KRAZYLINE trade mark was registered as of 18th February 1991, the plaintiff's application for 'LAXMAN REKHA' is pending for registration.

7. The plaintiff had applied for the registration of the mark LAXMAN REKHA claiming one year prior user of February 18, 1991 as per the publication in the Trade Mark Journal. The search certificate given by the Joint Registrar of Trade Mark dated 21st September 1999 demonstrates that no trade mark identical with or deceptively similar to the artistic work of LAXMAN REKHA had been registered under the Trade & Merchandise Marks Act and that no application has been made under the said Act for the registration of the artistic work and the mark LAXMANREKHA (word per se).

8. No Explanation has been forthcoming from the defendant as to why he chose to use the words 'LAXMAN REKHA' when he knew that the plaintiff has been using the word LAXMAN REKHA even though it may have been as a slogan. Furthermore, in reply dated 14.3.92 to the legal notice dated 28th February 1992 sent by the plaintiff, the defendant did not deny the using of the phrase 'LAXMAN REKHA' by the plaintiff but the defense taken was that such user did not bar the user of the 'LAXMAN REKHA' by the defendant. Furthermore in the said reply the plaintiff's assertion in the notice that it was the proprietor of the copyright A.NO.A 51334/91 for the 'KRAZY LINES' artistic work and 'LAXMANREKHA' under the Copyright Act was not categorically denied. In para 6 of the plaint, the plaintiff had averred that packing material of KRAZY LINES and LAXMAN REKHA is registered under the Copyright Act registered under No. A-51334/91 which was also registered in 1999 for the artistic work/label of LAXMAN REKHA. This averment was not denied in the defendant's reply to the interim application in Paragraph 11. In fact in dealing with this averment the defendant merely stated that as far copyright in respect of packing material is concerned the said label has never been assigned to the plaintiff by his predecessor in title. It is thus clear in view of the law laid down by this Court in Century Traders vs. Roshan Lal Duggar & Co and others MANU/DE/0153/1977 : AIR1978Delhi250 that the prior user of the mark has to be established and the registration of a mark prior to the registration of mark at any point of time is of no relevance in an action of passing off at an interim stage. Considering the affidavit of the defendants before the Sales Tax Authorities that there was no sale and purchase during the period 1989-92, prima facie there is substance in the plaintiff's plea that the plaintiff is the prior user. It is also clear that the user of the slogan trace a 'LAXMAN REKHA' by the plaintiff on its carton has not been denied by the plaintiff. Similarly the defendant has not denied having worked with the plaintiff. The defendant has not produced documentary evidence in support of its user of Laxman Rekha since 1989. Furthermore in a suit No. 1967 of 1996 filed by the plaintiff has claimed his user of 'Magic Laxman Rekha' since 1992.

Similarly, the application to the trade mark registry for registration of the defendant No. 1's trade mark 'Magic Laxman Rekha' on 30th May, 1996 claims continuous user since 1993. In contrast the plaintiff has produced advertisements of 1991 showing clearly the prominent user of the words 'Laxman Rekha' at least as a slogan. The defendant had also not denied the fact that the plaintiff's predecessor had a copyright in the carton which user both the words 'LAXMAN REKHA' and the 'KRAZYLINES' and that the registration was of the year 1991. A bare assertion that the rights in the copyright was not assigned to the plaintiff cannot be given effect to at this interim stage and is a matter of evidence particularly in view of the fact that in the replication, the plaintiff asserts its ownership of the said copyright. Furthermore the defendant has sought to rely upon the deed of the assignment of the copyright in 1999 and the correction in the copyright register in the years 1999 in favor of the plaintiff to support his plea that the copyright for packaging bearing words 'Laxman Rekha' was assigned only in the year 1999. However, significantly the assignor is Swadesh Kumar Kapoor as the proprietor of Midas Marketing House and the assignee is the plaintiff Company Midas Hygiene Industries whose managing Director is the same Swadesh Kumar Kapoor. Thus the effect of assignment and the date of its operation can only be considered at the time of evidence. Furthermore the defendants' assertion that its products were insecticides and the plaintiff's herbal (at least till 1998) cannot have any material effect at this stage when the issue is passing off of a trade mark and it is not in dispute that both products are used for the same purpose i.e., to deal with pests. The issue of caution notice in 1993 issued by the defendant cannot be given much weight in view of the fact that the legal notice has already been given in the year 1992 by the plaintiff. The plaintiff has also placed on record the advertisement in respect of use of the slogan 'LAXMAN REKHA' dated 19th May 1991, 25.6.91 and 19.9.91. In all these advertisements, the words 'LAXMAN REKHA' figure prominently. All these documents have clearly supported the plaintiff's case of prior user.

Thus the above discussion leads to the following conclusions:

- (i) The defendant admittedly worked with the plaintiff prior to launching its business;
- (ii) The plaintiff's prior and prominent user of the phrase 'Laxman Rekha' as a part of the description of crazy lines as shown by the documents i.e., advertisements at least of 1991 produced by the plaintiff showing prominent user of the phrase 'Laxman Rekha';
- (iii) The defendant's non-denial of plaintiff's assertions in the notice dated 28.2.92 to the effect that the plaintiff used the phrase 'Laxman Rekha' on its product;
- (iv) The plaintiff's assertion of the ownership of copyright in the packaging containing the words 'Laxman Rekha';
- (v) The defendant has not chosen to give an Explanation why he adopted 'Magic Laxmanrekha';
- (vi) The defendant's averments in Suit No. 1967 of 1996 that the product Magic Laxman Rekha was used by it since 1996;
- (vii) The defendant's statement in the application made to the Trade Mark Registry on 30.5.1996 for registration of trade mark 'Magic Laxman Rekha' claiming continuous user since 1996.

9. I am prima facie of the view in view of the above findings that at this stage the plaintiff has made out a case for grant of ad-interim injunction. Consequently the defendants, their servants, agents, distributors, stockists or any other person acting on their behalf shall be enjoined with effect from 16.8.2001 from manufacturing, marketing, distributing or selling insecticides, pesticides as well as insect repellent chalks under the trade mark LAXMAN REKHA as well as packing design having similar colour scheme, get up, background and colour combination as that of the plaintiff's copyright during the pendency of the suit.

10. is accordingly stands disposed of.

Suit No. 1821/99

11. List this matter on 31.8.2001 before the appropriate Court, subject to the orders of Judge-In-Charge, Original Side.