

CIVIL APPELLATE SIDE.

Before Falshaw & Bishan Narain, JJ.

FIRM BHAGWAN DASS RAMJI LAL, IRON MERCHANTS, GOLDEN ENGINEERING WORKS BULAND-SHAHR (U.P.), THROUGH MST. CHOLI, WIDOW AND LEGAL REPRESENTATIVE OF L. MAKHAN LAL MANAGING PROPRIETOR OF THE SAID FIRM

Defendant-Appellant,

versus

M/S. WATKINS MAYOR AND CO., THROUGH MR. PREM NATH, SON OF L. DINA NATH SUD, ONE OF THE PROPRIETORS OF THE FIRM (PLAINTIFF) AND MURARI LAL, SON OF RAMJI LAL, legal representative of RAMJI LAL AND TWO OTHERS,—*Defendants-Respondents.*

Regular First Appeal No. 138 of 1949

1955
April, 18th

Trade Marks Act (V of 1940)—Section 20(1) and (2)—Suit for infringement of trade mark—Application for registration of trade mark made after institution of suit—Whether proper—Difference between a passing off action and an action for infringement of a registered trade mark, What is—Passing off action—What the court has to decide—Defendant's mark colourable imitation of Plaintiff's mark—Customers likely to be misled—Whether amounts to infringement of Plaintiff's mark.

Held, that (1) under section 20(1) of the Trade Marks Act an application for the registration of a trade mark should be made prior to the institution of the suit for infringement of the trade mark and an application made after the institution of the suit cannot be said to satisfy the terms of the section;

(2) the only difference in the section based on a registered mark and a passing off action under section 20, sub-clause (2), is that the former action is for infringement of a statutory right and depends on the validity of registration and is subject to other restrictions laid down in the Act, and the only question that requires to be decided in such circumstances is whether the defendant's

mark is identical or shows a deceptive resemblance to the plaintiffs' trade mark. In such an action the Court need not enquire whether the infringement is likely to deceive or confuse customers of the goods. On the other hand in a passing off action the only question to be decided is whether the mark used by the defendants on their goods is likely to deceive the customers into buying defendants' goods as if they were the plaintiffs' goods and this is based on the principle that nobody is entitled to represent his goods as the goods of somebody else;

(3) It is well settled that it is for the Court to decide whether having regard to the appearance of the marks and of the goods the class of people to whom the goods are to be sold are likely to be deceived or not.

(4) Although the two marks are not exactly identical, but the defendants' mark is a colourable imitation of the plaintiffs' mark. The purchasers of these goods are cultivators most of whom are uneducated and illiterate and not many of them are likely to know the English language. Both marks consist of a picture of a lion with the words "lion brand" written in English beneath the picture. The customer is not likely to see the two marks together to see the difference in the two pictures and inasmuch as a mark of this kind is associated with the plaintiffs' goods, the cultivator seeing the goods manufactured by the defendants is likely to be misled into thinking that the goods are plaintiffs' goods. The map of India in the defendants' mark consists only of a few lines and these lines are likely to be overlooked. The defendants by using the mark that they did on the knives manufactured by them infringed the plaintiffs' mark.

First Appeal from the decree of Shri Sher Singh, District Judge, Jullundur dated the 20th day of January, 1949, decreeing the issue of a perpetual injunction restraining M/s. Bhagwan Dass-Ramji Lal of Bulandshahr (U. P.), through its partners Ramji Lal and his two sons Makhan Lal and Murari Lal defendants 1 to 3

(i) from using and publishing on their chaff cutter knives the plaintiff firm Watkin Mayor & Company's special mark consisting of the picture of a lion or its resemblance or words lion brand and (ii) from offering for sale or selling through their agents and servants their chaff-cutter knives bearing the above referred to special mark of the plaintiffs.

and Rs. 5,250 as damages is passed with costs in favour of the plaintiffs against defendants 1 to 3. As regards the delivery of the defendants' chaff-cutter knives, entrusted to L. Atma Ram Vaish D. W. 4, ordering that during execution proceedings at the expense of defendants 1 to 3 an attempt shall be made to efface the present trade marks on them. If the attempt is successful, those knives shall be given to the plaintiffs, who shall pay their price at the rate of Rs. 2 (Rupees two) per pair to the defendants 1 to 3. In the latter case Rs. 5,250 and costs shall be deducted by the plaintiffs out of the amount payable by them to defendants 1 to 3 on account of the price of the said knives.

SHAMAIR CHAND and P. C. JAIN, for Appellant.

K. S. THAPAR, S. D. BAHRI and I. D. DUA, for Respondents.

JUDGMENT

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BISHAN NARAIN, J. This is a defendants' appeal against the judgment and decree of the trial Court restraining the defendants from using and publishing on their chaff-cutter knives the plaintiff company's special mark consisting of a picture of a lion or its resemblance or words "lion brand" and from selling these knives bearing the plaintiff-company's special mark or bearing a mark resembling that special mark and ordering the defendants to pay Rs. 5,250 as damages to the plaintiff-company with plaintiffs' costs. The trial Court has directed that an attempt should be made to efface the marks on the defendants' knives which have been, by an interim order, given in the custody of Atma Ram Receiver and that if this attempt is successful these knives are to be returned to the defendants, otherwise the plaintiff-company will take them and pay to the defendants at the rate of Rs. 2 per knife. The plaintiff-company has filed cross-objections against these directions.

The plaintiffs Messrs. Watkins Mayor and Company carry on business in Jullundur. They import chaff-cutter knives with a figure of lion engraved thereon and the words "lion brand" underneath that figure from various countries in Europe since 1926-27. The defendant-firm Bhagwan Dass-Ramji Lal carried on business in Bulandshahr and this firm started manufacturing chaff-cutter knives in their factory, which is known as Golden Engineering Works, in December, 1940. Their knives have a mark consisting of a lion within what is called a map of India and bear the words "lion brand" underneath that figure. Disputes soon arose between the parties and the plaintiff-company started civil and criminal proceedings against the defendant-firm and ultimately the plaintiff-company filed the present suit out of which this appeal has arisen.

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In this suit the plaintiff-company have alleged that they have been using this distinctive and particular mark since 1926-1927 and the customers consider this mark as the mark of the plaintiff-company. Their grievance as stated in the plaint is that the defendant-firm have started using this mark or one resembling it out of greed and that this mark of the defendant-firm in any case can mislead the customers of the plaintiffs' knives. The defendant-firm pleaded that the suit in the present form was not competent and on the merits urged that the mark on their knives was different in shape and form from the plaintiffs' mark and the customers were not and were not likely to be misled by the defendants' mark and that in any case the plaintiffs had no proprietary rights in that mark. Dealing with damages the defendants denied their liability to pay the same and urged that in any case defendants' sale was very small.

The trial Court held that the suit in the present form was competent and section 20 of the

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Trade Marks Act, 1940 was not a bar to it. On the merits the trial Court found relying on the oral and documentary evidence produced by the plaintiffs and also relying on some of the defendants' evidence that the long user of the trade mark by the plaintiffs was proved, that this mark had acquired great repute and was associated with the plaintiffs' knives and that the plaintiffs had acquired proprietary rights in it. It was further held that the defendants' mark on their knives infringed the plaintiffs' right. The trial Court then computed the damages on the basis that the defendants sold 700 knives per mensem and that calculating the profits at annas -/6/- per knife the defendants were liable to pay Rs. 5,250 as damages to the plaintiffs as the profits which the defendants had earned by selling their knives under that mark.

The first point urged by the learned counsel for the defendants was that section 20 of the Trade Marks Act, 1940 was a complete bar to the present suit. Section 20 (1) reads—

“20 (1) No person shall be entitled to institute any proceeding to prevent, or to recover damages for, the infringement of an unregistered trade mark unless such trade mark has been continuously in use since before the 25th day of February, 1937, by such person or by a predecessor in title of his and unless an application for its registration, made within five years from the commencement of this Act, has been refused; and the Registrar shall, on application in the prescribed manner, grant a certificate that such application has been refused.”

The contention of the appellant-firm is that under this section the plaintiffs should have made an application for registration of the trade mark and that without such an application the suit was barred. It appears that in the present case the plaintiffs did make an application under this section after the institution of this suit but there is no doubt that that application cannot be of any avail to the plaintiffs as an application made after the filing of the suit cannot be said to satisfy the terms of this section. The present case, however, does not relate to an infringement of a registered trade mark. It is in substance a passing off action against the defendants and such an action is maintainable under sub-clause (2) of section 20 which reads—

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“20 (2). Nothing in this Act shall be deemed to affect rights of action against any person for passing off goods as the goods of another person or the remedies in respect thereof.”

The only difference in the action based on a registered mark and a passing off action under section 20, sub-clause (2), is that the former action is for infringement of a statutory right and depends on the validity of registration and is subject to other restrictions laid down in the Act, and the only question that requires to be decided in such circumstances is whether the defendants' mark is identical or shows a deceptive resemblance to the plaintiffs' trade mark. In such an action the Court need not enquire whether the infringement is likely to deceive or confuse customers of the goods. On the other hand in a passing off action the only question to be decided is whether the mark used by the defendants on their goods is likely to deceive the customers into buying defendants' goods as if they were the plaintiffs' goods

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and this is based on the principle that nobody is entitled to represent his goods as the goods of somebody else. The present suit is in substance an action for passing off goods as the goods of the plaintiff and is maintainable. I, therefore, repel this contention of the learned counsel.

The learned counsel for the appellant-firm did not challenge the correctness of the finding of the trial Court that the plaintiff-company had established their proprietary rights in the mark consisting of a picture of a lion and the words "lion brand" beneath it and this mark was associated with the plaintiffs' goods amongst the customers. He, however, urged that the two marks were so dissimilar that they were not likely to deceive the customers and that in any case the defendants never tried to deceive any customer. Now, it is well settled that it is for the Judge to decide whether having regard to the appearance of the marks and of the goods the class of people to whom the goods are to be sold are likely to be deceived or not. Now, I have compared the two marks used on the knives imported by the plaintiffs and those manufactured by the defendants and in my opinion although the two marks are not exactly identical, but the defendants' mark is a colourable imitation of the plaintiffs' mark. The purchasers of these goods are cultivators most of whom are uneducated and illiterate and not many of them are likely to know the English language. Both marks consist of a picture of a lion with the words "lion brand" written in English beneath the picture. The customer is not likely to see the two marks together to see the difference in the two pictures and inasmuch as a mark of this kind is associated with the plaintiffs' goods, the cultivator seeing the goods manufactured by the defendants is likely to be misled into thinking that the goods are plaintiffs' goods. The map of India in the

defendants' mark consists only of a few lines and these lines are likely to be overlooked. It is then urged that there is no evidence that any particular customer was so deceived in the way suggested by the plaintiff-company, but such an evidence is not absolutely essential in this case as I have no doubt in my mind that the defendants' mark is likely to mislead customers. It is also urged that in the market the defendants' goods are known as 'Desi Sher Marka' while the plaintiffs' goods are 'Wilayati Sher Marka' and in support of this allegation the defendants have produced certain invoices issued by them to the dealers to whom they sold their knives and there is no doubt that in these invoices the mark is described as 'Desi Sher Marka'. These words, however, do not occur on the knives manufactured by the defendants. It may be that the wholesale dealers to whom the defendants sold the goods were not deceived by these marks but these dealers are merely middlemen and they purchase these goods with a view to sell them to customers and as I have already stated these customers are likely to be misled. In the circumstances the fact that no effort was made to deceive the middlemen is of no consequence whatsoever, because after all whether the defendants sold goods direct to the consumers or through the middlemen the fact remains that the plaintiffs suffered loss by the sale of these deceptive goods. This conclusion is supported by the observations of Greene, M.R., in *Draper v. Trist and Tristbestos Brake Linings, Ltd.* (1). I am, therefore, of the opinion that the defendants by using the mark that they did on the knives manufactured by them infringed the plaintiffs' mark. The only point that now remains to be considered in this appeal is the amount of damages to which the plaintiffs are entitled. The trial Court has computed the damages in this manner.

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(1) (1938) 56 R.P.C. 429 at p. 437

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According to the statement of Bhim Sen, P.W. 3, one of the defendants' agents he had secured orders for the purchase of 1,015 knives within one and a half months, i.e., from 28th June, 1941 to 8th August, 1941. This comes to the sale of 700 knives per month. The defendants admittedly sold knives from January, 1940 to August, 1941, only i.e., for twenty months. Therefore they sold 14,000 knives during this period. The trial Court then held that the profit of the defendants on each knife must have been at least annas six, i.e., a profit of 20 per cent, and therefore, the amount of damages comes to Rs. 5,250. Now, the plaintiffs were entitled to recoup the loss that they incurred as a direct and natural consequence of the defendants' wrongful action. In the present case the defendants refused to produce their books of account showing the quantities of goods manufactured or sold by them during this period and the profits earned thereon. It was their duty to produce their account books as the matter was entirely within their special and exclusive knowledge,—*vide* section 106, Evidence Act. It is impossible to believe that they were not keeping any account books at all relating to their factory. Therefore, every presumption must be raised against them. The trial Court has calculated the profit on each knife at 20 per cent during 1940-41 when the second World War was going on. Mr. Shamair Chand has, however, urged that the trial Court was in error in assuming that the sales in 1941 could serve as a criterion for sales in 1940 when the defendants started manufacturing the knives. It is possible that in the beginning the sales may not have been so high as they were in 1941. This is, however, only a possibility, because the defendants were manufacturing knives which were well in demand at a time when there was a shortage of imported knives and they began to use the plaintiffs' mark. It does not follow necessarily that the sale in the

beginning could not have been as high as later on. In any case the defendants must thank themselves if a presumption has been raised against them as they did not produce all the evidence that was within their control and knowledge. I, therefore, see no reason to interfere with the amount of damages fixed by the trial Court.

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The result is that the defendants' appeal fails and must be dismissed with costs and I order accordingly.

As regards the cross-objections filed by the plaintiff-company, it is agreed between the parties that the executing Court should order the Receiver to transfer the knives or to get the knives transferred with the defendants' assistance from Bulandshahr to Julundur at the defendants' costs. After receiving the knives at Julundur, these are to be delivered to the plaintiffs who should efface the trade mark on these knives with their machine and then return these knives to the defendants within three months. The plaintiffs will obliterate these marks without damaging the chaff-cutter knives and the costs incurred in obliterating these marks will be borne by the plaintiffs. If necessary it will be open to the executing Court to extend time for the purpose of carrying out this work. The consequence of this arrangement is that the directions given in the trial Court's decree reading—

“As regards the delivery of the defendants' chaff-cutter knives, entrusted to L. Atma Ram Vaish, D.W. 4, it is ordered that during execution proceedings at the expense of defendants 1 to 3, an attempt shall be made to efface the present trade marks on them. If the attempt is successful, these knives shall be delivered

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to the defendants 1 to 3. In the latter case, Rs. 5,250 and costs shall be deducted by the plaintiffs out of the amount payable by them to defendants 1 to 3 on account of the price of the said knives."

should be deleted and the above-mentioned agreement incorporated in the decree. The cross-objections are decided accordingly. There will be no order as to costs of the cross-objections.

APPELLATE CIVIL

Before Falshaw & Kapur, JJ.

M/s KAPOOR AND SONS—Appellants

versus

RAJ KUMAR KHANNA AND ANOTHER—Respondents.

First Appeal from Order No. 36 of 1953

1955
April, 27th

Arbitration Act (X of 1940)—Sections 14, 20, 31(4) and 42—Evidence Act (I of 1872) Section 114 illustration (f)—Arbitration proceedings—Service of notice—Mode of—Jurisdiction—Transferee Court—Whether can pass decree in terms of the award—Section 31(4)—effect of—Minor—Party to Arbitration agreement—Effect of.

Contract between K & Sons and Messrs R.K.-R.K. for sale of parachutes. Contract containing a clause that all disputes in respect of the Contract to be settled by arbitration. On breach of the Contract R.K. and R.K., on the 19th January, 1950 applied under section 20 of the Arbitration Act for filing the arbitration agreement. This application was allowed. On the 1st December, 1950 both parties appointed their arbitrators. The arbitrator appointed by K & Sons refused to act and on the 21st December, 1950 they applied for appointment of S.S. as their arbitrator. This application was allowed on the 25th December, 1950. S.S. refused to act as arbitrator as he was too ill. On the 29th September, 1951, registered notice from R.K.-R.K. to K. & Sons and to his Advocate A.R. that as S.S. had refused to act, K. & Sons should appoint their arbitrator failing which the arbitrator appointed by R.K.-R.K. will act as the sole ar-