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HIGH COURT OF DELHI: NEW DELHI

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I.A. No.4858/2011 in C.S.(OS) No.742/2011

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Judgment reserved on : 01.08.2011

Judgment pronounced on : 31.10.2011

M/S AVIVA FIBER & ORS Plaintiffs
Through Mr. Vineet Sinha, Adv.

Versus

M/S AVIVA FIBERTECH PVT. LTD. & ORS Defendants
Through Mr. Rupesh Tyagi, Adv. with
Mr. Saurabh Kocher, Adv. for
defendants No.1 & 2.

CORAM:**HON'BLE MR. JUSTICE MANMOHAN SINGH**

1. Whether the Reporters of local papers may be allowed to see the judgment? Yes
2. To be referred to Reporter or not? Yes
3. Whether the judgment should be reported in the Digest? Yes

MANMOHAN SINGH, J.

1. By this order, I shall dispose of the present application filed by the plaintiffs seeking stay and temporary injunction against defendants No.1 to 3 under section 151 read with Order XXXIX, Rules 1 & 2 of CPC. The plaintiffs have filed the present suit for permanent injunction and recovery of damages.



2. Brief facts of the case are that plaintiff No.1 is a partnership firm and plaintiffs No.2 to 4 are its partners engaged in the business of manufacturing and trading in fiber sheets and other fiber items under the brand name and logo “AVIVA”.

3. Plaintiff No.1’s trade mark application for registration was pending in the Trade Mark Registry, vide No.1603801 in Class 17 goods with effect from 20.09.2007.

4. As per the averments made in the plaint, plaintiff No.1-firm was formed in September, 2007 and at that time, it consisted of plaintiffs No.2, 3 and defendant No.2 as its partners. On 24.06.2009 the retirement deed of defendant No.2 was executed with mutual consent of all the partners, and defendant No.2 retired from the affairs of plaintiff No.1-firm. At the time of his retirement, defendant No.2 agreed that to assign the trade mark “AVIVA” to the firm with effect from 24.06.2009 together with the goodwill of the business in the goods for which said trade mark is used.

5. Thereafter, plaintiff No.4 was added as the new partner in the plaintiff No.1 firm.

6. In nut-shell, the case of the plaintiffs against the defendants is that in July 2009, defendant No.2 after his retirement from the plaintiff No.1-firm started using the mark “New Aviva” and also formed a



partnership firm with defendant No.3 and the said firm was manufacturing, trading, purchasing etc. the fiber sheets and other fiber items with the similar label of plaintiff No.1. The plaintiffs asked the defendants many times not to use the name “New Aviva”, but the defendants did not discontinue the same. The plaintiffs thereafter sent a legal notice dated 13.08.2009 to defendants No.2 & 3, and asked them to stop using the name/word “New Aviva” in relation to the above-mentioned goods. Later on, the plaintiffs also came to know that the defendants have also got registered the name “Aviva Fibertech Pvt. Ltd.” and both defendants No.2 & 3 were the Directors thereof. The said company was doing the business of manufacturing, trading, purchasing etc. the fiber sheets and other fiber items.

7. The plaintiffs thereafter filed a suit before the District Judge, Karkardooma Courts, Delhi. The said suit was withdrawn with liberty to file the fresh suit. Thereafter, the plaintiffs by enhancing the valuation of the suit filed the present suit against the five defendants, i.e. M/s Aviva Fibertech Pvt. Ltd., Mr. Vikas Walecha – Director of defendant No.1 and earlier partner of plaintiff No.1, Mr. Jagdish Lal – another Director of defendant No.1-company, the Registrar of Companies and Regional Director (Northern Region), Ministry of Corporate Affairs. However, during the course of hearing, the learned counsel for the plaintiffs has



agreed to give up defendants No.4 & 5 from the array of the parties.

8. The written statements of the defendants have been filed wherein it is stated that the word “Aviva” is a part of the name of defendant No.1-company which is duly incorporated under the provisions of the Companies Act, 1956, and the said name cannot be regarded as deceptively similar with the registered mark of the plaintiffs. The defendant No.1 is honestly using its name only on its goods which is a common practice and it cannot be termed as infringement of the trade mark of the plaintiffs.

9. It is stated by the defendants that the plaintiffs’ mark does not exclusively consists of the word “Aviva” neither the said word forms an essential and leading feature of the mark of the plaintiffs. Further, the plaintiffs do not have any exclusive right over the word “Aviva” as the plaintiffs have not got the word “Aviva” or any other part of their mark registered separately as envisaged under Section 15 of the Trade Marks Act, 1999. It is also stated that the plaintiffs are barred by the provisions of Order II, Rule 2 CPC from claiming damages in the present suit, as they had already given up their claim for damages in the previous suit bearing No.1835/2009. Further, plaintiff No.1 cannot institute the present suit as it is not a registered firm under the Indian Partnership Act, 1932.

10. The defendant No.3 has also submitted his written statement,



wherein he has submitted that both, the plaintiff No.2 and defendant No.2 are in his blood relations, therefore, when he came to know that the plaintiff No.2 is not happy with the business concerns of the defendant No.1-company, he immediately resigned from the post of Director of the Company and now he has no concern with the present controversies and litigation, as before his resignation, the plaintiff No.2 had not claimed anything from him or defendant No.2.

11. When the interim application was heard, the learned counsel for defendants No.1 & 2 has not denied the fact that defendant No.2 was earlier the partner of plaintiff No.1. The execution of the Retirement Deed with the mutual consent of the parties was also not denied. It is the case of defendant No.2 that he retired from the affairs of plaintiff No.1 under pressure. It is alleged in his written statement that plaintiff No.2 who is the first cousin of defendant No.2 and has tremendous influence over him, along with plaintiff No.3 induced and lured defendant No.2 to enter into the partnership. Plaintiffs No.2 & 3 had borrowed the loan from defendant No.2 who with the bonafide intention while trusting them lent the said loan in order to run the partnership business of defendant No.1. Later on, plaintiffs No.2 & 3 with the sole purpose of diverting the funds of partnership business, used to raise bills against the products and goods of partnership firm on the invoices of other firm of plaintiffs No.2 & 3 in



which defendant No.2 has no share. When defendant No.2 raised objections to this illegal practice of plaintiffs No.2 & 3, they threatened to throw him out of the partnership business. As far as the understanding arrived between the parties, the case of the defendant No.2 is that plaintiff No.2 misrepresented him and got his signatures on blank papers. The said document, i.e. Retirement Deed dated 24.06.2009 is a fraudulent document which has been misused by the plaintiffs and the same is a forged and fabricated document.

12. As far as the factum of signing the Retirement Deed is concerned, it is not denied by defendant No.2. The defendant No.3 has already resigned from the company of defendant No.1. The contention of defendant No.2 that the two marks “Aviva” and “New Aviva” are not deceptively similar, is totally without any force, in view of the settled law on the subject. In this regard, the following judgments may be referred:-

- (i) **Devi Pesticides Private Ltd. vs. Shiv Agro Chemicals Industries, 2006(32) PTC 434 (MAD) (DB).**

Appellants were manufacturers of flowering stimulants under the registered trade mark “BOOM PLUS”. Appellants found that the respondents had infringed their trade mark by using the expression “SUPER BOOM” for manufacturing similar fertilizers and flowering stimulants. Thus, suit was filed by appellants for grant of injunction and also prayed for interim injunction. Petition for interim injunction rejected. Hence, the present appeal – Appellants contended that the consumers were agriculturists who were illiterate and thus, they would not be able to distinguish between the



two trademarks. Held, phonetic similarity was an infringement of trade mark. Appellant being prior user was entitled to interim injunction, as the balance of convenience lay in his favour – Appeals allowed.

- (ii) **Izuk Chemical Works vs. Babu Ram Dharam Prakash**, reported in 2007 (35) PTC 28 (Del.)

Trade mark “MOON STAR” and “SUPER STAR” were held to be confusingly similar. In para-19 of the said judgment, the Court also held that competing trademarks *HAYWARDS 5000* and *HAYAWARDS 5000* also held to be confusingly similar and even the use of numeral 5000 was held to be infringement of the plaintiff’s rights.

- (iii) **Ruston & Hornby Ltd. vs. Zamindara Engineering Co.**, reported in AIR 1970 SC 1649.

The Supreme Court has inter-alia held that the High Court has found that there is a deceptive resemblance between the word “RUSTON” and the word “RUSTAM” and, therefore, the use of the bare word “RUSTAM” constituted infringement of the plaintiff’s trade mark “RUSTON”. The respondent has not brought an appeal against the judgment of the High Court on this point and it is, therefore, not open to him to challenge that finding. If the respondent’s trade mark is deceptively similar to that of the appellant, the fact that the word INDIA is added to the respondent’s trade mark is of no consequence and the appellant is entitled to succeed in its action for infringement of its trade mark.

- (iv) **B.K.Engineering Company, Delhi vs. Ubhi Enterprises (Regd.) Ludhiana and another**, reported in AIR 1985 DELHI 210.

The Court has inter-alia held that trade mark *B.K.81* was deceptively similar to the plaintiff’s trade mark *B.K.* and the plaintiff was entitled to the temporary injunction restraining the defendants from manufacturing, selling or offering for sale or otherwise dealing in cycle bells under the mark *B.K.81* or *B.K.* or any other mark which may be



identical or deceptively similar to the house mark *B.K.* of the plaintiff till the decision of the suit, as the balance on the whole tilts in favour of the plaintiff.

13. I have considered the rival submissions of the parties as well as the documents placed on record. There is no denial on behalf of defendant No.2 that there is a Retirement Deed executed between the parties. Obviously, Section 27 of the Indian Contract Act, 1872 does not, in any way, hit the Retirement Deed. In a way, it was the assignment in favour of continuing partners of plaintiff No.1 by defendant No.2 who by mutual consent agreed not to use the name “Aviva” in relation to the business. The defendant No.2 himself assigned his rights and goodwill of the said business. It is the admitted position that all the terms and conditions were contained and formed part of the Retirement Deed. There is hardly any explanation on the part of defendant No.2, how he has adopted and used the deceptively similar name ‘New Aviva’, once the plaintiffs No.2 to 4 took over the partnership business of plaintiff No.1. The defendant No.2 is also estopped from challenging the validity of Aviva because earlier he was a part of the said business of plaintiff No.1 and its goodwill.

14. In **Bhandari Homoeopathic Laboratories Vs. L.R. Bhandari (Homoeopaths) Pvt. Ltd.** 1976 Tax LR, 1382 (Delhi) one R.K. Bhandari retired from the partnership business of L.R. Bhandari and Sons and there was a clear condition that the retiring partner would not be entitled to carry
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on business in the firm's name. The cause of action for filing the suit and application for injunction arose because a private limited company under the name of the defendant had been set up by R.K. Bhandari, the retiring partner. It was stated that this was done with a view to nullify the effect of the dissolution deed. Kapur, J. held as under:

"It is settled law, that a registered company can be restrained being registered with a name similar to that of another registered company. There is considerable case law, showing that a company can also be restrained from being registered in the name of an unregistered firm. There is also case law to indicate, that if the Company has already been registered, it can be restrained from carrying on business in the registered name. The principles on which an injunction is issued by the Court have been set out in Buckley on the Companies Act thirteenth edition at page 48:-

"The jurisdiction in these cases rests either upon fraud or upon property; not that there is property in the name. but that the use of a name closely resembling that in which another carries on business is calculated to deceive or cause confusion between the two businesses and to affect property by diverting customers to the person taking, the name, or by affecting the credit or goodwill of the person whose name is taken (a), where this is not the case there is no jurisdiction (b)."

15. In **Ellora Industries v. Banarsi Dass Goela & Ors., AIR 1980**

Delhi 254, the respondent was the registered proprietor of Trade Mark "Ellora" in respect of watches, time pieces, clocks and their parts and sold these clocks, but intended to introduce time pieces. The defendants-appellants manufactured time pieces with their distinction mark "Gargon"



but their business name was Ellora Industries used conspicuously by them in advertisements etc. as part of their business name. It was held that:-

"held, on facts that it was a case of passing off and also of infringement of registered trade mark of plaintiffs. The use of the word "Ellora" by the defendants was indicative of a warm intimacy with the plaintiffs. The registered trade mark 'Ellora' lurked and lingered in the minds of the customers minded to obtain goods of that mark. The word appeals to the ear than eye. There was a real and tangible risk of damage, the field of activity being common. The wrongful appropriation of trade reputation was an injury to plaintiffs. That injury and the acknowledged intention to continue to inflict it was sample justification for the injunction."

16. In **Laxmikant V. Patel vs. Chetanbhat Shah & Anr**, reported in **2002(24) PTC 1 (SC)**, the Hon'ble Supreme Court has held that:

"8. It is common in trade and business for a trader or a businessman to adopt a name and/or mark under which he would carry on his trade or business. According to Kerly (*Law of Trade Marks and Trade Names*, 12th Edn., para 16.49), the name under which a business trades will almost always be a trade mark (or if the business provides services, a service mark, or both). Independently of questions of trade or service mark, however, the name of a business (a trading business or any other) will normally have attached to it a goodwill that the courts will protect. An action for passing-off will then lie wherever the defendant company's name, or its intended name, is calculated to deceive, and so to divert business from the plaintiff, or to occasion a confusion between the two businesses. If this is not made out there is no case. The ground is not to be limited to the date of the proceedings; the court will have regard to the way in which the business may be carried on in the future, and to its not being carried on precisely as carried on at the date of the proceedings. Where there is probability of confusion in business, an injunction will be granted even though the defendants adopted the name innocently.



9. It will be useful to have a general view of certain statutory definitions as incorporated in the Trade Marks Act, 1999. The definition of trade mark is very wide and means, inter alia, a mark capable of being represented graphically and which is capable of distinguishing the goods or services of one person from those of others. Mark includes amongst other things name or word also. Name includes any abbreviation of a name.

10. A person may sell his goods or deliver his services such as in case of a profession under a trading name or style. With the lapse of time such business or services associated with a person acquire a reputation or goodwill which becomes a property which is protected by courts. A competitor initiating sale of goods or services in the same name or by imitating that name results in injury to the business of one who has the property in that name. The law does not permit any one to carry on his business in such a way as would persuade the customers or clients in believing that the goods or services belonging to someone else are his or are associated therewith. It does not matter whether the latter person does so fraudulently or otherwise. The reasons are two. Firstly, honesty and fair play are, and ought to be, the basic policies in the world of business. Secondly, when a person adopts or intends to adopt a name in connection with his business or services which already belongs to someone else it results in confusion and has propensity of diverting the customers and clients of someone else to himself and thereby resulting in injury.

11. *Salmond & Heuston in Law of Torts* (20th Edn., at p. 395) call this form of injury as “injurious falsehood” and observe the same having been “awkwardly termed” as “passing off” and state:

“The legal and economic basis of this tort is to provide protection for the right of property which exists not in a particular name, mark or style but in an established business, commercial or professional reputation or goodwill. So to sell merchandise or carry on business under such a name, mark, description, or otherwise in such a manner as to mislead the public into believing that the merchandise or



business is that of another person is a wrong actionable at the suit of that other person. This form of injury is commonly, though awkwardly, termed that of *passing-off* one's goods or business as the goods or business of another and is the most important example of the wrong of injurious falsehood. The gist of the conception of passing-off is that the goods are in effect telling a falsehood about themselves, are saying something about themselves which is calculated to mislead. The law on this matter is designed to protect traders against that form of unfair competition which consists in acquiring for oneself, by means of false or misleading devices, the benefit of the reputation already achieved by rival traders.”

17. The plaintiff No.1 is the earlier user of the mark “Aviva”. When plaintiffs No.2 to 4 took over the partnership business of plaintiff No.1 with assets including the goodwill pertaining to the business then why the plaintiffs are not entitled to the exclusive use of the name and style in relation to the business in question. At the same time, the defendants would not be entitled to use the name or represent themselves or carry-on business of the firm name or corporate name, otherwise it would be likely to cause confusion and deception in the minds of the customers who will believe and/or get an impression that it is the subsidiary branch of plaintiff No.1. The mere addition of the word “New” would not make any difference, *prima-facie*, as both the parties had earlier worked together under the distinctive name “Aviva”. The equity and balance of convenience clearly lie in favour of the plaintiffs and against the defendants. Whatever defences are taken by the defendants might have



any force in case defendant No.2 is a stranger to the partnership business, but the position here is entirely different. It is the plaintiffs and not defendant No.2 who took over the partnership business of plaintiff No.1 along with assets and goodwill of the trade mark. Therefore, *prima-facie*, the plaintiffs got the exclusive right to use the name “Aviva”, whether as the trade mark or name of the firm.

18. Having regard to all these circumstances, till the disposal of the present suit, I restrain the defendants from using the mark “Aviva” or “New Aviva” as a trade mark or the name of the firm and part of the corporate name, in relation to the goods in question. The application is accordingly disposed of.

19. The findings given herein are tentative which shall not have bearing in any manner when the matter is proceeded after the trial.

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List the matter before the Court on 10.01.2012.

MANMOHAN SINGH, J.

OCTOBER 31, 2011
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