

HIGH COURT OF ANDHRA PRADESH

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CIVIL MISCELLANEOUS APPEAL Nos. 522 & 523 of 2023

Between:

Chidipothu Krishna Murthy

.....APPELLANT
(in both Appeals)

AND

Paruchuri Yashwanth Kumar and 5 others

.....RESPONDENTS
(in both Appeals)

DATE OF JUDGMENT PRONOUNCED: **09.05.2025**

SUBMITTED FOR APPROVAL:

**THE HON'BLE SRI JUSTICE RAVI NATH TILHARI
&
THE HON'BLE SRI JUSTICE CHALLA GUNARANJAN**

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|---|--------|
| 1. Whether Reporters of Local newspapers may be allowed to see the Judgments? | Yes/No |
| 2. Whether the copies of judgment may be marked to Law Reporters/Journals | Yes/No |
| 3. Whether Your Lordships wish to see the fair copy of the Judgment? | Yes/No |

RAVI NATH TILHARI, J

CHALLA GUNARANJAN, J

*** THE HON'BLE SRI JUSTICE RAVI NATH TILHARI
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! Counsel for the Appellant : Sri Balaji Medamalli

Counsel for the Respondents : Sri O. Manohar Reddy, Sr.Counsel,
Assisted by Sri Satya Sai Krishna
Sistla,

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> Head Note:

? Cases Referred:

1. (2007) 6 SCC 1
2. (2000) 5 SCC 573
3. ILR (1977) II Delhi 709
4. (2001) 5 SCC 95
5. (2004) 6 SCC 145
6. AIR 1960 SC 142
7. (2002) 3 SCC 65
8. 1990 Supp SCC 727
9. (2012) 4 SCC 689
10. (2010) 2 SCC 142

**THE HON'BLE SRI JUSTICE RAVI NATH TILHARI
&
THE HON'BL SRI JUSTICE CHALLA GUNARANJAN**

CIVIL MISCELLANEOUS APPEAL Nos. 522 & 523 of 2023

COMMON JUDGMENT: (per Hon'ble Sri Justice Ravi Nath Tilhari)

Heard Sri Balaji Medamalli, learned counsel for the Appellant/2nd Defendant and Sri O. Manohar Reddy, learned senior counsel, assisted by Sri Satya Sai Krishna Sistla, learned counsel for the Respondents.

I. Facts:

2. CMA No.522 of 2023 under Order 43 Rule 1 of Code of Civil Procedure (CPC) has been filed by the 2nd defendant in O.S.No.68 of 2023 filed by the plaintiffs/respondents No.1 to 3 in the Court of VII Additional District Judge, Vijayawada, whereby I.A.No.537 of 2023 of the plaintiffs for grant of temporary injunction under Order 39 Rules 1 and 2 CPC, has been allowed, vide Order dated 21.10.2022. The temporary injunction has been granted "restraining the respondents/defendants from starting or marketing or promoting or supporting or doing business either individually or jointly or with third parties, under the name and style which is similar to "Madras Filter Coffee" or "The Madras Filter Coffee" or such other name of trademark, with or without logo as shown in Schedule 'A' of the plaint, which deceptively resembles the name being used by petitioners/plaintiffs for sale of their products or services being rendered, in their business being carried on under the name and style of "Madras Filter Coffee" in any manner including through the website

www.madrasfiltercoffeeindia.com or through instagram profiles/pages or in any other form using any other online platforms, till the final disposal of the suit.”

3. Respondents No.1 to 3 are the plaintiffs in the aforesaid suit. They filed that suit to grant a decree in their favour for the reliefs as under:

“VII) The plaintiffs therefore pray that the Hon’ble Court may be pleased to grant a decree in favour of plaintiffs granting:

- (i) Permanent injunction, restraining the Defendants, their men, agents, partners, license holders or distributors or associates, or representatives, or servants or all other persons acting either on behalf of the Defendants or at the instance of the Defendants or otherwise, from in any manner passing off their goods or services as that of the Plaintiffs’ by either using the Plaintiffs’ trademark “Madras Filter Coffee” or its trademark image/logo “(*)” as shown in Schedule A of the Complaint or any other trademark, image or logo, which is structurally, visually, phonetically or deceptively similar to the trademark or trademark image/logo of the Plaintiffs;
- (ii) Permanent injunction, restraining Defendants from starting or marketing or promoting or supporting or doing business either individually or jointly or with third parties, under the name and style which is similar to “Madras Filter Coffee” or “The Madras Filter Coffee” or such other name or trademark, with or without logo “(*)”, as shown in Schedule A of the Complaint, which deceptively resembles the name being used by the Plaintiffs for sale of their products or services being rendered, in their business being carried on under the name and style of “Madras Filter Coffee” in any manner including through the website www.madrasfiltercoffeeindia.com or through Instagram profiles/pages including URLs:
 - (a) <https://instagram.com/madrasfiltercoffeeindia?igshld=YmMvMTA2M2Y=>
 - (b) <https://instagram.com/madrasfiltercoffeeofficial?igshld=YmMyMTA2M2Y=> or in any other form using any other online platforms.
- (iii) Mandatory injunction directing the Defendants, their men, agents, partners, license holders or distributors or associates, representatives, servants or all other persons acting either on behalf of the Defendants or at the instance of the

- Defendants, to take down the entire website www.madrasfiltercoffeeindia.com., or alternatively scrap or block the said website to stop the illegal use of such website;
- (iv) Mandatory injunction directing the Defendants, their men, agents partners, license holders or distributors or associates, representatives, servants or all other persons acting either on behalf of the Defendants or at the instance of the Defendants, to completely delete Instagram profiles/pages at URLs:
- (a) <https://instagram.com/madrasfiltercoffeeindia?igshld=YmMvMTA2M2Y=>
- (b) <https://instagram.com/madrasfiltercoffeeofficial?igshld=YmMyMTA2M2Y=> or in any other form using any other online platforms.
- (v) Mandatory injunction directing the Defendants, their men, agents partners, licence holders or distributors or associates, representatives, servants or all other persons acting either on behalf of the Defendants not to run the two shops more fully described in Plaint B schedule making use of the trade mark/name “Madras Filter Coffee” or “The Madras Filter Coffee” or such other name or trademark, which is descriptively similar to that of the plaintiffs’ trade mark/name, with or without logo “(*)”, as shown in the Plaint A schedule;
- (vi) Awarding damages of Rs.50,00,000/- costs, consequential and incidental reliefs;”

4. The suit was filed against the defendants therein being the present appellant and the present respondents No.4 and 5.

II. Plaintiffs’ case:

5. The plaintiffs’ case *inter alia* was that the 3rd plaintiff was the father of the 1st plaintiff. Originally, grandfather of the 1st plaintiff, namely, P. Purnachandrarao joined his brother-in-law in his coffee café business in Madras city in or about 1978-79, carried on under the name and style of “Madras Filter Coffee”, though he initially started his coffee café in a frugal manner, over a period of time, considering the local conditions and cues, he made remarkable

change and development in the business including the product range and to cater such needs, the 3rd plaintiff was made to assist his father and due to their hard work, it ultimately became a main source of income to them. After the death of P. Purnachandrarao, the 3rd plaintiff succeeded to the said business by virtue of the last Will of his grandfather dated 01.05.1987. The 3rd plaintiff continued the said coffee café and by his efforts it earned goodwill, name and fame. Over a period of time, the 1st plaintiff joined the business of the 3rd plaintiff and in view of love and affection, the 3rd plaintiff permitted the 1st plaintiff to take over such business, assigning such business, its trade name/mark and goodwill way back in the year 2008. The 1st plaintiff in order to expand the business, started giving licence to third parties, in Tamil Nadu and the then composite State of Andhra Pradesh for running the coffee cafes, bakery and restaurants under the name of "Madras Filter Coffee". The franchise agreement dated 27.03.2009 allotted to one V. Sakthivel, S/o.Viswanathan for Adambakkam area of Chennai was one of such franchise agreements granted by the 1st plaintiff as the proprietor thereof. Due to the change of government policies in Andhra Pradesh in past few years, there was a drawback in the business of plaintiffs No.1 and 3, and also due to lack of operational control and strict periodical checks, the persons in whose favour the 3rd plaintiff had granted franchise agreements, misused the trust reposed in them and avoided to make payments to the plaintiffs No.1 and 3. The plaintiffs started business in their own names. The plaintiffs took decision to start their coffee café business operations in and around Andhra Pradesh and Telangana

States in a very grand scale plugging the loopholes in their erstwhile business houses and investing huge amounts. They started putting in efforts to introduce and use technology. They made an in depth study to identify different places and locations suitable for establishment of such business houses. The 1st plaintiff started collecting lot of information pertaining to the different sites available and viable for such business. The 1st plaintiff got prepared number of designs spending lot of amounts to give an innovative and attractive shapes to the coffee shops kiosks and outlets, shops proposed to be opened by him in different places depending upon the sizes of the available places.

6. It was the further case of plaintiffs that when the 1st plaintiff was struggling to commence such unique business, the 1st defendant got acquaintance with 1st plaintiff at Vijayawada Club. During casual conversations, between them, the 1st defendant expressed his interest and requested the 1st plaintiff to give him an opportunity to work with the 1st plaintiff in the proposed business, pretending that he would put all his energies and strive for the mutual benefit, if he was permitted to join the proposed business. Thus, the 1st defendant got acquainted with the scope of such business and profit earning chances. The 1st defendant also enquired the 1st plaintiff to understand the effects of similar businesses being run by the competitors or that may be established by others, with special reference to the profit margins. The plaintiffs' further case was that while expressing his desire to join the 1st plaintiff in his proposed business, the 1st defendant secretly involved in the

coffee business being run in a couple of coffee kiosks, under the name and style of "Kumbakonam Degree Coffee", in the similar lines in which the 1st plaintiff proposed to run his business. The 1st plaintiff on getting such information, questioned the 1st defendant as to how he could establish such business in the very same lines and the manner as was discussed with the 1st plaintiff. He gave evasive replies and stated that one of his close associates established such business and that at his instance, the 1st defendant associated with him. The 1st plaintiff could not suspect the 1st defendant, for his father, the 2nd defendant was the contractor engaged in the field of undertaking road contracts while the 1st defendant was assisting him. The 1st defendant made futile efforts to discourage the 1st plaintiff stating that there was good competition and as such, the proposed business was not viable and profitable as expected. But knowing his strong determination and the preparation of the plaintiffs, the 1st defendant became apprehensive that the plaintiffs' innovative coffee cafes would come in the way of his "Kumbakonam Degree Coffee" business and that he would land in losses since the plaintiffs were in the domain of coffee/tea vending and restaurant business for the past three decades and they were acquainted with the Ins and Outs of such business.

7. The plaintiffs' further case, was that the 1st defendant in or about the last quarter of 2019 requested the 1st plaintiff to be a part of his "Kumbakonam Degree Coffee" business in place of his associate as his associate had no more interest to run the said business so that the 1st plaintiff and the 1st defendant could gear up their business operations, establishing more kiosks using the

plaintiffs' business name "Madras Filter Coffee" and also to enjoy the benefits accruing therefrom. The 1st plaintiff accepted the proposal of the 1st defendant. Accordingly, the 1st plaintiff paid the amounts invested by the partner of the 1st defendant and settled his account. At the time when the partnership deed was about to be prepared, the 1st defendant insisted that instead of himself and the 1st plaintiff, his wife and the 1st plaintiff's mother should be the partners in the proposed firm. That proposal was accepted and accordingly the 1st defendant got prepared a partnership Deed dated 22.06.2020 for carrying on business in the name of the Firm PSK Food and Beverages, wherein signatures of the above said persons were obtained. Their further case was that the 1st defendant and his wife did not cooperate and later under the guise of astrological guidance, the 1st defendant got prepared another partnership Deed dated 14.08.2020, in which the 1st plaintiff and the 1st defendant were shown to be the partners of the Firm, P.C.Enterprises. Later on, the 1st plaintiff found that the said partnership deed on which his signatures were obtained by the 1st defendant were not at all comprehensive and the 1st plaintiff was not given any role, though in fact, the 1st plaintiff was supposed to be the main partner to manage and control all the business affairs. In view thereof and the discussion made with the 1st defendant, another partnership deed dated 01.10.2020 to carry on business in the name of the firm P.C.Enterprises, the 2nd plaintiff, under the brand name/business title "The Madras Filter Coffee" or "Madras Filter Coffee".

8. During the process of distribution of business work, the 1st Defendant proposed that 1st plaintiff should execute and implement the plans to develop the business and to set up kiosks/coffee shops, bakeries and restaurants at various places in and around Andhra Pradesh and Telangana States either in the brand name or trade name of "Madras Filter Coffee" or in the name of "Kumbakonam Degree Coffee" or to grant franchises to third parties. The 1st plaintiff accepted to undertake the same. He appointed the trained suitable staff wherever necessary and also involved third parties to manage the local business affairs to run business with the trade name "Madras Filter Coffee". In some places, at the instance of the 1st defendant, the 1st plaintiff cooperated and assisted in establishment of the coffee cafes or kiosks in the name of "Kumbakonam Degree Coffee".

9. The further case of the plaintiffs was that the 1st plaintiff requested his father, the 3rd plaintiff, to assist and guide him and the 1st defendant in running the business in the name of 2nd plaintiff, as the 3rd plaintiff, did coffee business for several years and he was one of the pioneers in such business. In fact, the 3rd plaintiff had created brand name "Madras Filter Coffee" along with his father. To protect and preserve such name and fame and develop the quality of its products, the 3rd plaintiff started looking after the administrative and operational works, though the 3rd plaintiff was not a partner of the firm at that time. The 1st defendant also took it as advantage and started avoiding to attend even the office of the 2nd plaintiff to take care of the business affairs, creating much more inconvenience. In those circumstances, the 3rd plaintiff

warned the 1st defendant that he would not permit the 1st plaintiff to run the business using the trade name/mark "Madras Filter Coffee" and its image/logo, unless the business was run properly. In spite thereof, there was total callousness on the part of the 1st defendant and as such he imposed a condition to the 1st plaintiff to apply and obtain the trademark license for "Madras Filter Coffee" and image/logo. Accordingly, the 1st plaintiff applied for registration of trademark image/logo as shown in the annexure to the plaintiff, as early as on 13.03.2022.

10. The plaintiffs' further case was that the 3rd plaintiff started taking care of the business, as the 1st defendant was practically spoiling the brand image of "Madras Filter Coffee" without extending any cooperation. The 1st defendant expressed his desire to resign as partner of the 2nd plaintiff firm and to quit the partnership business after receiving his share of investment and profits. Such proposal was accepted by the 1st plaintiff. They entered into a Memorandum of Understanding dated 11.01.2023 to place on record the intention of the parties for division of the shops, cash, banking affairs of the 2nd plaintiff firm, and tax liabilities of the 2nd plaintiff firm and the raw material on account. The 1st plaintiff agreed that he had no claims or interest whatsoever over "Kumbakonam Degree Coffee" brand franchises, the 1st defendant agreed that he had no claims or interest whatsoever over "Madras Filter Coffee" brand. In the process of implementing the terms agreed between the 1st plaintiff and the 1st defendant, they felt the necessity of reconstructing the 2nd plaintiff firm to join another partner. Though the account of the 1st defendant was settled

even by 11.01.2023, the books of accounts, after verification were closed on 19.01.2023 and the profit and loss, as on that day, were accounted for and the profits were credited to the respective capital accounts as per the profit sharing ratio. Thereafter, on 19.01.2023 the partnership was reconstituted with the third party. On the next day i.e., 20.01.2023, the 1st defendant retired from the 2nd plaintiff firm. Reflecting the same, the retirement deed dated 20.01.2023 was executed incorporating the following clauses among others:

- (i) “The amount credited to the capital account of 1st Defendant as at dt.20.02.2023 was in full and final settlement of all his claims, including the claim for goodwill etc., and that it was paid;
- (ii) 1st Plaintiff has paid the amount payable to 1st Defendant towards full and final settlement of his account, by way of cash and a sum of Rs.1,50,000/- by way of cheque No.414078, drawn on Axis Bank, Vijayawada;
- (iii) 1st Defendant relinquished all his rights over the stocks, book debts, trade mark, brand names, viz., “Madras Filter Coffee” and “The Madras Filter Coffee”, goodwill etc., as at 20.01.2023;
- (iv) 1st Defendant shall not start or market or promote or do business under the name and style, which is similar to “Madras Filter Coffee” and “The Madras Filter Coffee”, brands or “P.C.Enterprises” and that he will not do any acts or deeds or take any steps, either directly or indirectly, that are detrimental to “Madras Filter Coffee” and “The Madras Filter Coffee” brands or P.C.Enterprises.
- (v) 1st Plaintiff acknowledged that himself and the continuing partner (third party) had taken possession of the assets, trademarks and brand names of the 2nd plaintiff-firm.”

11. As per the Memorandum of Understanding dated 11.01.2023, there were several obligations to be discharged by both the parties and as such to avoid bickering in future, they decided to execute affidavits, reaffirming what

was undertaken by them earlier and reaffirming their future obligations. Accordingly, the 1st defendant executed an affidavit on oath before the Advocate/Notary on 30.01.2023 affirming that he had no connection whatsoever with "Madras Filter Coffee" and "The Madras Filter Coffee" brands and that he shall not start or market or promote or support or do business under the name and style which is similar to "Madras Filter Coffee" and "The Madras Filter Coffee" brands or trademarks or "P.C.Enterprises". The 1st plaintiff also executed an affidavit in respect of his business under the name and style of "Kumbakonam Degree Coffee".

12. The plaintiffs further case was that in support of the documents earlier executed, the 1st plaintiff and 1st defendant executed a Memorandum of Understanding dated 06.02.2023, specifically describing the outlets, set up by them after the partnership was entered into; the outlets set up by them in partnership with third parties entering into separate agreements for such coffee shops/outlets; the outlets maintained by the third parties, wherein, the 1st plaintiff or 1st defendant invested money, as per their convenience. Even in the Memorandum of Understanding dated 06.02.2023, it was made clear that 1st plaintiff has no claims or interest, whatsoever over 'Kumbakonam Decree Coffee' brand and 1st defendant had no claims or interest, whatsoever, over 'Madras Filter Coffee' brand. It was also specifically mentioned therein that though 1st plaintiff and 1st defendant were at liberty to set up new shops, 1st plaintiff shall not set up such shops either in his individual name and through others or support shops/outlets in a name and style similar to 'Kumbakonam

Decree Coffee' and, similarly, 1st defendant shall not set up such shops either in his individual name and through others or support shops/outlets in a name and style similar to "Madras Filter Coffee" brand.

III. Defendants' case:

13. The 2nd defendant filed written statement, *inter alia*, denying the plaintiffs' case, in particular, that the grandfather of the 1st plaintiff carried on coffee café business in Madras city in or about 1978-79. It was also denied that the 1st plaintiff joined the business and the trade name/mark and also earned goodwill. It was submitted that the plaintiffs had no right whatsoever through any firm by long usage or registration of trademark or copyright pertaining to the Madras Filter Coffee. It was denied that the plaintiffs' business was started long ago. No valid or legal material was submitted by the plaintiffs, except the self-serving statement. If really the business was commenced by the plaintiffs long ago, they would have submitted the relevant public documents to substantiate the said fact. It was pleaded that the plaintiffs ought to have submitted the sales tax returns, service tax, VAT documents, GST returns, Income tax returns, Food license, Trade licence and Labour licence etc. Non-furnishing of the said documents and furnishing the GST returns from the year 2020 clearly proved the falsity of the case about the plaintiffs commencement of the business long ago. The plaintiffs' case of long user of the logo or caption was specifically denied.

14. The case of the 2nd defendant was that the 2nd defendant was the Managing Partner of the registered Partnership under the name and style of

'Madras Filter Coffee'. The 2nd defendant had been in the business of contracts and retailing of coffee, since 1985 and 2004 respectively and over the years, in the arena of contracts he earned a respectful name for his timely execution at competitive prices and with high quality and integrity. As part of diversification, the 2nd defendant ventured into the business of retailing of coffee through shops and at the inception stage, he started on a micro/small scale and gradually extended and improved his business operation at various places and even then, he operated on a relatively small scale under the name 'Madras Filter Coffee' since 2004. It was further pleaded that originally, the 2nd defendant due to his business profile as a large contractor with government projects in different parts, had to travel frequently and found that the economics of retailing coffee turned attractive due to the rise of consumerism, and he decided to start coffee shops and since filter coffee from Madras is synonymous to high quality coffee since his childhood. In the process, the 2nd defendant acquired a unique, distinctive and remarkable identity along with patronage, loyalty and goodwill of the customers and even to that day, he operated on a small scale with a few selected franchises and it was only recently that it became a necessity to register the firm because of the statutory protection afforded in order to collect dues from franchises and because the 2nd defendant believed that it would help him increase his business foot print.

15. It was further pleaded that the trademark claimed by the plaintiffs 'Madras Filter Coffee' was very distinct and different from 'The Madras Filter Coffee' since 2004 and was clearly distinguishable because year of foundation

by the defendant was clearly mentioned and by applying the Wednesbury principle of reasonableness, there was no possibility of a reasonable person getting confused and confounded by two names by exercising his or her informed choice. The 2nd defendant further pleaded that in so far as the 'Madras Filter Coffee' no one had any right to claim a copy right or trademark as 'Madras' was the name of the city and 'Filter Coffee' was commodity. As such, the plaintiffs had no right whatsoever to make a claim over the said property. The logo of the defendant was not similar to the logo of the plaintiffs and it was not at all misleading and the colours were different and the design was different and the font of the letters was different. The presence of coffee leaves and beans was not at all similar.

16. The plaintiffs failed to establish *prima facie* case, and that the balance of convenience was in their favour. In fact, no irreparable loss would be occurred to the plaintiffs if an injunction was not granted in their favour and the comparative loss that would accrue to the defendant if an injunction was granted in favour of the plaintiffs was relatively higher and would amount to perpetuation of injustice against the respondent till disposal of the proceedings.

17. The 2nd defendant pleaded that recently he acquired knowledge about the summons from the trial Court sent by the plaintiffs, upon which he came to know of the supposed agreements, which were being used against the 2nd defendant. It was pleaded that the 2nd defendant never waived any rights nor did he ever acquiesced any right over the said trademark/name and logo,

and making the 2nd defendant a party and getting an *ad interim* injunction against him was not maintainable.

18. It was further submitted that the claims of the plaintiffs that the grandfather of the 1st plaintiff started coffee shops in or around 1978 was nothing but a figment of their imagination and a narrative that has been used by the plaintiffs to mislead the Court while not disclosing the fact that they have no established legal right over the said trademark/name and logo and that the application filed by the 1st plaintiff was pending with the Registrar of Trademarks who had asked him to provide proof to attest and buttress their claim that they were long users since 1978, which they had not done till that date. Further, the plaintiffs, despite claiming that they had invested monies to expand the goodwill and build the brand, have not produced even a shared of evidence in the form of statutory tax payments or any other filings like income tax returns and others documents to testify their supposed long use going back to 1978. Further, the GST receipts filed by the plaintiffs were of more recent origin shedding ample light on their false claim of long usage and enjoyment.

19. With respect to the application of the trademark filed by the plaintiffs, it was submitted by the 3rd defendant that the objection was raised under the Trademarks Act, on which, the Registrar of Trademark, Chennai issued a report to the effect that the said application was liable to be refused. The defendant had also applied for the trademark on 21.03.2023 and that was pending registration, so no one was the registered user. The 2nd defendant further stated that the plaintiffs had no *prima facie* case and there was no

balance of convenience in their favour, since the claim only went back to about 3-4 years, whereas it was stated that the defendant had been a long user of the trademark. The trademark, name, logo were created by the defendant and his personnel in the year 2004 itself. So, the plaintiffs were not entitled to claim any relief against the defendants. The suit was filed only for permanent injunction, but not for declaration, though the plaintiffs were required to establish their right by seeking for declaration over the property and also for injunction. The defendants had not infringed any registered trademark. The alleged long user of the trademark was not substantiated by any material valid paper, except self-serving statement and self-created documents.

IV. Applications:

20. The plaintiffs filed application for temporary injunction I.A.No.537 of 2023 against the defendants, restraining from starting or marketing or promotion or supporting or doing business either individually or jointly or with third parties, under the name and style which is similar to 'Madras Filter Coffee' or "The Madras Filter Coffee' or such other name or trademark, with or without logo as shown in Schedule 'A' of the plaint, to which also the counter affidavit/objection was filed, as per the case set up in the written statement.

21. The plaintiffs filed another application for temporary injunction I.A.No.536 of 2023 against the defendants, restraining them, their men, agents partners, licence holders or distributors or associates, or representatives, or servants or all other persons acting either on behalf of the defendants or at the instance of the defendants or otherwise, from in any manner passing off their

goods or services as that of petitioners by either using the petitioners' trademark 'Madras Filter Coffee' or its trademark image/logo as shown in Schedule 'A' of the petition, to which also the counter affidavit/objection was filed, as per the case set up in the written statement.

V. Order of the learned trial Court:

22. The learned trial Court framed the point for consideration as to "whether the petitioners are entitled for grant of temporary injunction as prayed for during pendency of the suit?" in both the applications, I.A.Nos.537 of 2023 and I.A.No.536 of 2023.

23. No oral evidence was produced by the parties, except relying upon the documents filed by them in support of their respective pleadings.

24. The learned trial Court observed that the plaintiffs were able to establish *prima facie* case in their favour. Further, if injunction was not granted, there was likelihood of plaintiffs suffering irreparable loss and injury and such injury would be higher than the injury that would be caused to the defendants if injunction was granted. The learned trial Court thus concluded that the balance of convenience was also in favour of the plaintiffs. It held that the plaintiffs were entitled for grant of temporary injunction and accordingly granted it vide Order dated 21.10.2022 passed separately in both the I.As.

25. Para-70 of the Order in I.A.No.537 of 2023 reads as under:

"In the result, the petition is allowed and the petitioners/plaintiffs are granted temporary injunction restraining the respondents/defendants from starting or marketing or promoting or supporting or doing business either individually or jointly or with third parties, under the name and style which is

similar to “Madras Filter Coffee” or “The Madras Filter Coffee” or such other name of trademark, with or without logo as shown in Schedule ‘A’ of the plaint, which deceptively resembles the name being used by petitioners/plaintiffs for sale of their products or services being rendered, in their business being carried on under the name and style of “Madras Filter Coffee” in any manner including through the website www.madrasfiltercoffeeindia.com or through instagram profiles/pages or in any other form using any other online platforms, till the final disposal of the suit.”

26. Para-70 of the Order in I.A.No.537 of 2023 also reads as under:

“In the result, the petition is allowed and the petitioners/plaintiffs are granted temporary injunction restraining the respondents/defendants, their men, agents, partners, licence holders or distributors or associates, or representatives, or servants or all other persons acting either on behalf of the respondents/defendants or at the instance of the respondents/defendants or otherwise from in any manner passing off their goods or services as that of petitioners by either using the petitioners’ trademark ‘Madras Filter Coffee’ or its trademark image/logo as shown in Schedule ‘A’ of the petition or any other trademark, image or logo, which is structurally, visually, phonetically or deceptively similar to the trademark or trademark image/logo of petitioners/plaintiffs, till the final disposal of the suit.”

27. CMA No.522 of 2023 has been filed challenging the Order dated 21.10.2022 passed in I.A.No.537 of 2023. CMA No.523 of 2023 has been filed challenging the Order dated 21.10.2022 passed in I.A.No.536 of 2023.

VI. Submissions of the learned Counsels:

1) For Appellants:

28. Learned counsel for the appellant submitted that the learned trial Court acted illegally in granting the temporary injunction, without there being any evidence to establish that there was business in the name and style of

'Madras Filter Coffee' since 1978-79 or even as on the date of filing of the suit. It failed to consider that 'The Madras Filter Coffee' or 'Madras Filter Coffee', for the first time came in the comprehensive partnership deed dated 01.10.2020. The observation made by the learned trial Court was that such business was from the year 1978-79, as was mentioned in the Partnership Deed of 19.01.2023, and the Retirement Deed dated 20.01.2023. He submitted that, that was only at the time of retirement of partners and till such time there was also no evidence coming forth to prove the very the existence of such business in such name or to prove prior user. He submitted that no evidence was filed by the plaintiffs to prove the existence of the business in the name of 'Madras Filter Coffee' or 'The Madras Filter Coffee' from the year 1978-79. No tax returns, food licence, service tax, trade licence, labour licence etc., were filed before the Court to show that the business was running from 1978-79. Learned counsel for the appellant submitted that the burden to prove *prima case* was on the plaintiffs and in the nature of the present suit to restrain the defendants in an action for passing off the burden was heaviour by establishing with cogent evidence the existence of the business in the name and style of "Madras Filter Coffee' since 1978-79, i.e., prior user. But, no such evidence was forthcoming and therefore, the learned trial Court simply on some statement in the Deed dated 19.01.2023 & 20.01.2023, could not observe that, there was prior user and based thereon could not grant temporary injunction.

29. Learned counsel for the appellant placed reliance in the following cases:

- 1) ***Heinz Italia v. Dabur India Ltd.***¹
- 2) ***S. M. Dyechem Ltd. v. Cadbury (India) Ltd.***²
- 3) ***Century Traders v. Roshan Lal Duggar and Co.***³
- 4) ***Uniply Industries Ltd. v. Unicorn Plywood Pvt. Ltd.***⁴

2) **For Respondents:**

30. Learned counsel for the respondents/plaintiffs supported the judgment under challenge. He submitted that the learned trial Court has specifically recorded the finding on the aspect of prior user since 1978-79 and in support thereof, there was statement in the Deeds dated 19.01.2023 & 20.01.2023, which could not be ignored. That was sufficient to establish *prima facie* case in favour of the plaintiffs. On the point of balance of convenience and irreparable injury the findings have also been recorded in plaintiffs' favour. So, there is no illegality in the Order under challenge.

31. Learned counsel for the respondents submitted that in the exercise of discretionary jurisdiction, the learned trial Court has passed the temporary injunction order which cannot be interfered in the exercise of appellate jurisdiction.

VII. Point for determination:

32. The points that arose for our consideration and determination are;

- A.** Whether the plaintiffs established the *prima facie* case for grant of temporary injunction?

¹ (2007) 6 SCC 1

² (2000) 5 SCC 573

³ ILR (1977) II Delhi 709

⁴ (2001) 5 SCC 95

- B.** Whether the impugned Order is legal and justified or it calls for interference?

VIII. Consideration:

33. The plaintiffs' case was that the 1st plaintiff's grandfather carried on coffee café business in Madras city in or about 1978-79 in the name and style of 'Madras Filter Coffee', which was taken over by his son, the 3rd plaintiff, in which the 1st plaintiff joined later on. So far as the defendants are concerned, their case was that the 1st defendant, after coming into contact with the 1st plaintiff, secretly, started the coffee business in the name and style of 'Kumbakonam Decree Coffee' some times in the year 2009 and then there was a partnership deed dated 22.06.2020 between the wife of the 1st defendant and the mother of the 1st plaintiff for carrying on business in the name of PSK Food and Beverages. But, thereafter another partnership deed dated 14.08.2020 was entered between the 1st plaintiff and the 1st defendant as partners, to run the business in the name of Firm 'P.C.Enterprises', the 2nd plaintiff. But in view of some developments, another partnership deed dated 01.10.2020 in the same name of Firm 'P.C.Enterprises' was entered to carry on the business under the brand name/business 'The Madras Filter Coffee' or 'Madras Filter Coffee'. Later on, they entered into a Memorandum of Understanding dated 11.01.2023 for division of the shops, cash, the banking affairs, tax liabilities etc., and the account was settled on 11.01.2023, and after verification, the accounts were closed on 19.01.2023. On 19.01.2023 the partnership deed was reconstituted with the third parties and on the next day on 20.01.2023, the 1st defendant

retired from the 1st plaintiff, under the retirement deed executed on 20.01.2023, and as per the terms of the settlement and the retirement deed, the 1st defendant had no concern whatsoever with 'Madras Filter Coffee' and 'The Madras Filter Coffee' brands or trademarks or 'P.C.Enterprises' and affidavit to that effect, dated 30.01.2023 was also executed by the 1st defendant and also by the 1st plaintiff in respect of his business not to do such business under the name and style of 'Kumbakonam Decree Coffee'. The grievance raised in the suit was that in spite thereof, the 1st defendant made efforts to open a stall by the franchise India misusing the trade name, logo, design 'Madras Filter Coffee' or 'The Madras Filter Coffee', the goodwill by illegally giving scope to involve third parties to spoil the trade name/mark and business image/logo of the 1st plaintiff and thereby to have illegal and unlawful advantage, crating complications and litigation by passing off the products of 1st defendant. On subsequent occasions, the defendants made several illegal acts of their goods or products as if they were that of the 1st plaintiff. The 1st defendant did not stop his illegal and unethical acts and also submitted application through his father, 2nd defendant, for registration of the trade name, marks and logo of trade name 'Madras Filter Coffee' since 2004. The 1st defendant also created fake website or same name identical to the website of the plaintiffs.

34. Defendants case was of denial of any prior user of trademark by the plaintiffs since 1978-79. Their case was about the joint user under the first partnership dated 22.06.2020 between the wife of the 1st defendant and the

mother of the 1st plaintiff for carrying on business in the name of PSK Food and Bevarages, which was subsequently entered into between the 1st plaintiff and the 1st defendant vide partnership deed dated 14.08.2020. So, their case was the denial of the plaintiffs' case of prior user.

35. The appellants have filed the documents which were filed before the learned trial Court vide Memo dated 18.07.2024.

36. In the present case I.A.No.1 of 2024 was filed by the appellant to receive the documents annexed therewith, as an additional evidence in the appeal. However, on 21.08.2024 the said application was not pressed, which was rejected as not pressed.

37. So far as the registration of the trademark is concerned, by the time the suit was filed and the application for temporary injunction was considered, there was no such trademark registered in favour of any of the parties, with or without logo under the name and style of 'Madras Filter Coffee' or 'The Madras Filter Coffee'. The case of the plaintiffs was also that the 1st plaintiff applied for the trademark in the name of 'Madras Filter Coffee' and "The Madras Filter Coffee'. It is also not in dispute between the parties that against the application, the other party raised objections for grant of trademark. During pendency, it has been pointed out that there was trademark registered, but against the same proceeding by filing the application was taken. The 1st defendant also got filed the application for trademark through the 3rd defendant on 25.04.2023.

38. Learned counsel for the parties are not at issue on the aspect of the trademark, as in their contentions and rightly so that, that is not relevant for the purposes of consideration of the application for temporary injunction in view of the settled law that in matters of passing off action the Courts must look into the prior usage of goods or services and registration or non-registration of trademark has no relevance at all to decide the issue of temporary injunction in passing off actions.

Point 'A':

39. Order 39 Rule 1 CPC reads as under:

“Order XXXIX: TEMPORARY INJUNCTIONS AND INTERLOCUTORY ORDERS:

Rule 1: **Cases in which temporary injunction may be granted.**—

Where in any suit it is proved by affidavit or otherwise—

(a) that any property in dispute in a suit is in danger of being wasted, damaged or alienated by any party to the suit, or wrongfully sold in execution of a decree, or

(b) that the defendant threatens, or intends, to remove or dispose of his property with a view to [defrauding] his creditors,

[(c) that the defendant threatens to dispossess, the plaintiff or otherwise cause injury to the plaintiff in relation to any property in dispute in the suit,]

the Court may by order grant a temporary injunction to restrain such act, or make such other order for the purpose of staying and preventing the wasting, damaging, alienation, sale, removal or disposition of the property 5 [or dispossession of the plaintiff, or otherwise causing injury to the plaintiff in relation to any property in dispute in the suit] as the Court thinks fit, until the disposal of the suit or until further orders.”

40. The main ground on which the learned trial Court, considered the plaintiffs to have established the *prima facie* case, is that according to the

learned trial Court, there was recitals of the partnership deed dated 19.01.2023 and 20.01.2023 executed by the 1st defendant (appellant herein) stating that the 1st plaintiff from the time of his forefathers since 1978-79 were in the business similar to the business started under 'P.C.Enterprises' and similar business being run by the 1st plaintiff and his father, the 3rd plaintiff, under the name and style of M/s.Madras Filter Coffee, as observed in para-59 of its judgment. In view thereof, the learned trial Court did not accept the contention of the defendants that the plaintiffs had not established, by producing documents, about long usage of its trademark.

41. In ***Satyam Infoway Ltd. v. Sifynet Solutions (P) Ltd.***⁵ the Hon'ble Apex Court observed that an action for passing off, as the phrase 'passing off' itself suggest was to restrain the defendant from passing off its goods or services to the public as that of the plaintiff. If the trade rivals claim to have individually invented the same mark, then the trader who is able to establish prior user will succeed.

42. Paragraphs-13 to 17 of ***Satyam Infoway Ltd.*** (supra) read as under:

“13. The next question is, would the principles of trade mark law and in particular those relating to passing off apply? An action for passing off, as the phrase “passing off” itself suggests, is to restrain the defendant from passingoff its goods or services to the public as that of the plaintiff's. It is an action not only to preserve the reputation of the plaintiff but also to safeguard the public. The defendant must have sold its goods or offered its services in a manner which has deceived or would be likely to deceive the

⁵ (2004) 6 SCC 145

public into thinking that the defendant's goods or services are the plaintiff's. The action is normally available to the owner of a distinctive trade mark and the person who, if the word or name is an invented one, invents and uses it. **If two trade rivals claim to have individually invented the same mark, then the trader who is able to establish prior user will succeed. The question is, as has been aptly put, who gets these first? It is not essential for the plaintiff to prove long user to establish reputation in a passing-off action. It would depend upon the volume of sales and extent of advertisement.**

14. The second element that must be established by a plaintiff in a passing-off action is misrepresentation by the defendant to the public. The word misrepresentation does not mean that the plaintiff has to prove any mala fide intention on the part of the defendant. Of course, if the misrepresentation is intentional, it might lead to an inference that the reputation of the plaintiff is such that it is worth the defendant's while to cash in on it. An innocent misrepresentation would be relevant only on the question of the ultimate relief which would be granted to the plaintiff [*Cadbury Schweppes v. Pub Squash*, 1981 RPC 429 : (1981) 1 All ER 213 : (1981) 1 WLR 193 (PC); *Erven Warnink v. Townend*, 1980 RPC 31 : (1979) 2 All ER 927 : 1979 AC 731 (HL)] . What has to be established is the likelihood of confusion in the minds of the public (the word “public” being understood to mean actual or potential customers or users) that the goods or services offered by the defendant are the goods or the services of the plaintiff. In assessing the likelihood of such confusion the courts must allow for the “imperfect recollection of a person of ordinary memory” [*Aristoc v. Rysta*, 1945 AC 68 : (1945) 1 All ER 34 (HL)] .

15. The third element of a passing-off action is loss or the likelihood of it.

16. The use of the same or similar domain name may lead to a diversion of users which could result from such users mistakenly accessing one domain name instead of another. This may occur in e-commerce with its rapid progress and instant (and theoretically limitless) accessibility to users and potential customers and particularly so in areas of specific overlap. Ordinary

consumers/users seeking to locate the functions available under one domain name may be confused if they accidentally arrived at a different but similar website which offers no such services. Such users could well conclude that the first domain-name owner had misrepresented its goods or services through its promotional activities and the first domain-owner would thereby lose its custom. It is apparent, therefore, that a domain name may have all the characteristics of a trade mark and could found an action for passing off.

17. Over the last few years the increased user of the internet has led to a proliferation of disputes resulting in litigation before different High Courts in this country. The courts have consistently applied the law relating to passingoff to domain name disputes. Some disputes were between the trade-mark holders and domain-name owners. Some were between domain-name owners themselves. These decisions, namely, *Rediff Communication Ltd. v. Cyberbooth* [AIR 2000 Bom 27] , *Yahoo Inc. v. Akash Arora* [(1999) 19 PTC 201 (Del)] , *Dr. Reddy's Laboratories Ltd. v. Manu Kosuri* [2001 PTC 859 (Del)] , *Tata Sons Ltd. v. Manu Kosuri* [2001 PTC 432 (Del)] , *Acqua Minerals Ltd. v. Pramod Borse* [2001 PTC 619 (Del)] and *Info Edge (India) (P) Ltd. v. Shailesh Gupta* [(2002) 24 PTC 355 (Del)] correctly reflect the law as enunciated by us. No decision of any court in India has been shown to us which has taken a contrary view. The question formulated at the outset is therefore answered in the affirmative and the submission of the respondent is rejected.”

43. In ***Uniply Industries Ltd.*** (supra) where in the two suits filed by the parties, there was common field of activity between the two parties in respect of goods and trademarks sought to be used by either way were identical, the Hon’ble Apex Court observed that in such a case the only question that needed to be decided was as to who was the prior user.

44. Paragraphs-6 to 8 of ***Uniply Industries Ltd.*** (supra) read as under:

“6. Considering the nature of pleadings in the two suits filed by the parties, it is clear that there is common field of activity between the two parties

in respect of goods and trade marks sought to be used by either are identical. Hence the decision in *Cadila case* [(2001) 5 SCC 73 : JT (2001) 4 SC 243] and of similar context may not be of much use in this case. Inasmuch **the areas of activity and the nature of goods dealt with or business carried on being identical, and the trade marks being of similar nature the only question that needs to be decided is as to who is the prior user.** In deciding this question, the High Court relied upon: (1) advertisement made by the respondents, (2) invoices, and (3) letters of dealers.

7. It is no doubt true that **advertisement of goods had been made** by the respondents in 1993 itself. **Whether that was followed up by goods being dealt with the trade marks in question is not** clear as is to be seen by the following discussion:

So far as the invoices are concerned, **it is not very clear from the same that they were in relation to goods containing the trade marks in question** because there is no mention of any particular trade mark in the same and maybe they pertain to such goods, but this is a fact which is yet to be established by placing proper material before the Court. So far as the declarations made before the Excise Authorities are concerned, the High Court itself found the material to be dubious. The letters issued by the dealers are both in favour of the appellant and the respondents. **In this state of materials the courts below should have been wary and cautious in granting an injunction which would affect the trade and business of another person using an identical trade mark.** Both the appellant and the respondents have applied for registration of their respective trade marks before the Registrar under the Trade and Merchandise Marks Act, 1958 and the respective rights of the parties will have to be investigated by the Registrar and appropriate registration granted to either of them or both of them, as the case may be, bearing in mind the provisions of Section 12(3) of the Trade and Merchandise Marks Act, 1958. **There are many precedents to the effect that for inherently distinctive marks ownership is governed by the priority of use of such marks. The first user in the sale of goods or service is the owner and senior user.** These marks are given legal protection against infringement immediately upon adoption and use in trade if

two companies make use of the same trade mark and the gist of passing off in relation to goodwill and reputation to goods.

8. Some courts indicate that even prior small sales of goods with the mark are sufficient to establish priority, the test being to determine continuous prior user and the volume of sale or the degree of familiarity of the public with the mark. Bona fide test of marketing, promotional gifts and experimental sales in small volume may be sufficient to establish a continuous prior use of the mark. But on some other occasions courts have classified small sales volume as so small and inconsequential for priority purposes. **Therefore, these facts will have to be thrashed out at the trial and at the stage of grant of temporary injunction a strong prima facie case will have to be established.** It has also to be borne in mind whether the appellant had also honestly and concurrently used the trade marks or there are other special circumstances arising in the matter. The courts below have merely looked at what the prima facie case is and tried to decide the matter without considering the various other aspects arising in the matter. **Therefore, we think, the appropriate order to be made is that injunction either in the favour of the appellant or against them or vice versa is not appropriate and the proceedings in the suit shall be conducted as expeditiously as possible** or the Registrar under the Trade and Merchandise Marks Act, 1958 may decide the matter which may govern the rights of the parties.”

45. In ***Heinz Italia*** (supra) on the subject of passing off, the Hon’ble Apex Court referred to the case in ***Century Traders*** (supra), in which, it was held that in an action for passing off, the plaintiff has to establish prior user to secure an injunction and the registration of the mark or similar mark in point of time is irrelevant. The Hon’ble Apex Court also referred of the case of ***Cadila Health Care Ltd., V. Cadila Pharmaceuticlas Ltd.,*** ((2001) 5 SCC 73), in which, the Hon’ble Apex Court on ‘passing off’ laid down at paragraph No.15 as under :

“15. We have also considered the arguments with regard to the prior user of the trade mark "Glucon-D" and the specific packaging. It is the admitted case that the term "Glucose-D" has been used by the respondent from the year 1989 and that the packaging which is the subject-matter of dispute in the present suit has been in use from the year 2000. **In Century Traders' it has been held that in an action for passing off, the plaintiff has to establish prior user to secure an injunction and that the registration of the mark or similar mark in point of time, is irrelevant.** This Court in Cadila Health Care case² also laid down the tests in the case of passing off and observed as under: (SCC p. 80, para 10)

"In other words in the case of unregistered trade marks, a passing-off action is maintainable. The passing-off action depends upon the principle that nobody has a right to represent his goods as the goods of somebody. In other words a man is not to sell his goods or services under the pretence that they are those of another person. As per Lord Diplock in Erven Warnink BV v. J. Townend & Sons⁸ the modern tort of passing off has five elements i.e. (1) a misrepresentation, (2) made by a trader in the course of trade, (3) to prospective customers of his or ultimate consumers of goods or services supplied by him, (4) which is calculated to injure the business or goodwill of another trader (in the sense that this is reasonably foreseeable consequence), and (5) which causes actual damage to a business or goodwill of the trader by whom the action is brought or (in a quia timet action) will probably do so."

46. In the aforesaid case, it was held that in the case of unregistered trademarks, a passing off action is maintainable. The passing off action depends upon the principle that nobody has a right to present his goods as the goods of somebody.

47. The Deed of Partnership (Ex.P6) dated 19.01.2023, which has been referred by the learned trial Court, and has been filed in the present appeal,

along with Memo dated 18.07.2024, containing the material documents filed in O.S.No.68 of 2023 on the file of the VII Additional District Judge, Vijayawada, the relevant part therefrom relied upon by the learned trial Court while granting temporary injunction, reads as under:

“All the parties hereto are majors and are residing at Vijayawada in Andhra Pradesh.

WHEREAS the 1st party to this agreement from the time of his forefathers i.e., since 1978-79, is in a business similar to the business that the parties herein have started under this agreement, and the said similar business that is being run by the 1st party and his father is being conducted under the name and style of ‘M/s.Madras Filter Coffee’. The 1st party to this agreement had applied for granting of Trade Mark status for the said ‘Madras Filter Coffee’.”

48. The Deed of Retirement (Ex.P7) dated 20.01.2023, which has also referred by the learned trial Court, and filed with the said memo, the relevant part thereof, relied by the learned trial Court, also reads as under:

“All the parties hereto are major and are residing at Vijayawada in Andhra Pradesh.

WHEREAS the 1st party to this agreement from the time of his forefathers i.e., since 1978-79, is in a business similar to the business that the parties herein have started under this agreement, and the said similar business that is being run by the 1st party and his father is being conducted under the name and style of ‘M/s.Madras Filter Coffee’. The 1st party to this agreement had applied for granting of Trade Mark status for the said ‘Madras Filter Coffee’.”

49. We have perused the copy of the Partnership Deed of the Firm PSK Food and Beverages (Ex.P2), dated 22.06.2020, which was between the wife of the 1st defendant and the mother of the 1st plaintiff, as also the copy of the Partnership Deed (Ex.P3), dated 14.08.2020 between the 1st plaintiff and the 1st

defendant, but in none of those documents, it is so mentioned, as is mentioned in the Partnership Deed (Ex.P6) dated 19.01.2023 and the Retirement Deed (Ex.P7) dated 20.01.2023 that the grandfather of the 1st plaintiff started the business in 1978-79, whereas those Partnership Deeds (Exs.P2 & P3) were executed prior thereto. For the first time, the said fact finds mention in Exs.P6 and P7, Partnership Deed, dated 19.01.2023 and Retirement Deed, dated 20.01.2023. In the affidavit of the 2nd defendant dated 30.01.2023 also there is no such averment, pointed out to this Court.

50. The case of the plaintiffs in the plaint and their application for temporary injunction, having been specifically denied about the start of the business and running initially from 1978-79, we are of the view that the plaintiffs should have filed evidence in support of such pleading. Only document referred by the trial Court, to hold prior user, is Ex.P6 copy of the Partnership Deed dated 19.01.2023 and Ex.P7 copy of the Retirement Deed dated 20.01.2023 and that was only by the 1st defendant, the son of the 2nd defendant. Even if it be taken for the time being that, the same amounted to admission, as there was signature of the 1st defendant, upon which the learned trial Court much emphasized, the same could not be read against all the defendants, in particular, the appellant, the 2nd defendant, in view of his clear denial. It is settled in law that even the admission can be explained so, whether that amounted to admission or not, so as to bind all the defendants, would be an issue for consideration during trial. We are of the view that at this stage of the proceeding, to consider temporary injunction, based on stray

statement in the copy of the Partnership Deed (Ex.P6) dated 19.01.2023 and copy of the Retirement Deed (Ex.P7), dated 20.01.2023 was not justified. We also find from the dates of the Partnership Deed (Ex.P6) and the Retirement Deed (Ex.P7) that the partnership deed, containing that statement with respect to 1978-79 business by the plaintiffs' grandfather is dated 19.01.2023 and on the next day there is Retirement Deed, dated 20.01.2023. When considered along with the documents, viz., Partnership Deed of the Firm PSK Food and Beverages (Ex.P2), dated 22.06.2020, Partnership Deed of the firm PC Enterprises (Ex.P3), dated 14.08.2020, Comprehensive Partnership Deed (Ex.P4), dated 01.10.2020 and Memorandum of Understanding (Ex.P5), dated 11.01.2023 on record, which contain no such statement of user by plaintiffs grandfather since 1978-79, as also in the absence of any other material/evidence to show prior user, the learned trial Court ought not to have considered that stray statement, i.e., what is written in the Partnership Deed (Ex.P6), dated 19.01.2023 and the Retirement Deed (Ex.P7), dated 20.01.2023, at this stage so as to hold that the plaintiffs established *prima facie* case, and based thereon ought not to have granted temporary injunction.

51. In our view, as per the settled law, in such matters where the trademark is not registered in favour of any party and both the parties claim prior user, it is for the plaintiffs to establish *prima facie* case and for that to establish the prior user based on cogent material. Such material is missing, in the present case, at least at this stage. Even in the copy of the Partnership Deed (Ex.P6), dated 19.01.2023 and the copy of the Retirement Deed (Ex.P7),

dated 20.01.2023, mention is of user by the plaintiffs' grandfather during 1978-79, but no material or evidence, for the period from 1978-79 till the date of such Deeds, Exs.P6 & P7, based upon which, such mentioned was made, was disclosed.

52. Learned counsel for the respondents/plaintiffs also could not show to us any other material from the documents filed.

53. In ***Century Traders*** (supra), the Delhi High Court observed and held at paragraph Nos.13 & 14, as under :

“13. The Supreme Court in *Corn Products Refining Co. v. Shangrila Food Products Ltd.*, A.I.R. 1960 Supreme Court 142(3) laid down the rule *vis-a-vis* user of a mark as opposed to registration of mark. It **observed that the onus of proving user is on the person who claims it. It did not approve of looking into the register of trademarks where a mark may be entered to be any proof of user.** To quote from the speech of A.K. Sarkar, J.: "Now, of course, the presence of a mark in the register does not prove its user at all. It is possible that the mark may have been registered but not used. It is not permissible to draw any inference as to their user from the presence of marks in the register.

14. Thus, the law is pretty well-settled that in order to succeed at this stage the appellant had to establish user of the aforesaid mark prior in point of time than the impugned user by the respondents. The registration of the said mark or similar mark prior in point of time to user by the appellant is irrelevant in an action passing off and the mere presence of the mark in the register maintained by the trade mark registry did not prove its user by the persons in whose names the mark was registered and was irrelevant for the purposes of deciding the application for interim injunction unless evidence had been led or was available of user of the registered trademarks. In our opinion, these clear rules of law were not kept in view by the learned Single Judge and led him to commit an error.”

54. In ***Century Traders*** (supra) it was held that the relevant was user of a mark as opposed to registration of mark. The onus of proving user was on the person who claims it. There must be proof of user. The law thus, is well settled that in order to succeed at this stage of temporary injunction, the plaintiff has to establish user of the mark prior in point of time than the user by the defendant. The registration of the mark or similar mark prior in point of time, is not relevant in an action passing off. For the purposes of deciding the application for the interim injunction unless evidence had been led or was available of user of the registered trademarks, the application for interim injunction could not be allowed.

55. In the present case, the learned trial Court simply on what was written in Exs.P6 & P7, taking the same as basis of prior user, and so *prima facie* case made out, has granted the temporary injunction without there being any evidence. In our view, the learned trial Court committed error of law, apparent, as even *prima facie*, for any prior user since 1978-1979 by the plaintiffs, there was absolutely no evidence to show that. When the presence of the mark in register maintained by Trademark Registry could not prove its user, which required evidence, based on one sentence in Exs.P6 and P7 of the year 2023 of its own could not prove prior user, in the absence of any evidence of user.

56. In ***Uniply Industries Ltd.*** (supra), in deciding the question of prior user, High Court relied upon (1) advertisement made by the respondents, (2) invoices, and (3) letters of dealers. It was observed by the Hon'ble Apex Court

that no doubt the advertisement was made in the year 1993 itself, was whether followed up by goods being dealt with the trademarks in question was not clear. So far as the invoices were concerned, it was not very clear from the same that they were in relation to goods containing the trade marks in question. It was observed that the same was required to be established by placing proper material before the Court. Thus, the facts were required to be threshed out at the trial Court. At the stage, for the grant of a temporary injunction, a stray *prima facie* case must be established.

57. In ***Corn Products Refining Co. V. Shangrila Food Products Ltd.***,⁶ the Hon'ble Apex Court observed and held that the onus of proving such user is on the applicant, who wanted to rely on those marks. In the said case, the applicant led no evidence as to the user of marks with the common element. What had happened was that the Deputy Registrar looked into his register and found there a large number of marks which had either 'Gluko' or 'Vita' as prefix or suffix in it. The Hon'ble Apex Court observed that the presence of a mark in the register does not prove its user at all. It was further observed that it was not permissible to draw any inference as to the user from the presence of the marks on the register.

58. The relevant paragraph Nos.15 & 16 to 8 in ***Corn Products Refining Co.*** (supra), are reproduced as under :

“15. Now it is a well recognized principle, that has to be taken into account in considering the possibility of confusion arising between any two trademarks, that, where those two marks contain a common element which is also contained

⁶ AIR 1960 SC 142

in a number of other marks in use in the same market such a common occurrence in the market tends to cause purchasers to pay more attention to the other features of the respective marks and to distinguish between them by those features. This principle clearly requires that the marks comprising the common element shall be in fairly extensive use and, as I have mentioned, in use in the market in which the marks under consideration are being or will be used.

16. The series of marks containing the common element or elements therefore only assist the applicant when those marks are in extensive use in the market. The onus of proving such user is of course on the applicant, who wants to rely on those marks. Now in the present case the applicant, **the respondent before us, led no evidence as to the user of marks with the common element.** What had happened was that the Deputy Registrar looked into his register and found there a large number of marks which had either 'Gluko' or 'Vita' as prefix or suffix in it. Now of course **the presence of a mark in the register does not prove its user at all.** It is possible that the mark may have been registered but not used. **It is not permissible to draw any inference as to their on user from the presence of the marks on the register.** If any authority this question is considered necessary, reference may be made to Kerly p. 507 and Willesden Varnish Co. Ltd. v. Young & Marten Ltd. (39 RPC 285 p 289) It also appears that the appellant itself stated in one of the affidavits used on its behalf that there were biscuits in the market bearing the marks Glucose Biscuits', 'Gluko biscuits' and 'Glucoa Lactine biscuits'. But these marks do not help the respondent in the present case. They are ordinary dictionary words in which no one has any right. They are really not marks with a common element or elements. We, therefore, think that the learned appellate Judges were in error in deciding in favour of the respondent basing themselves on the series marks, having 'Gluko' or 'Vita' as a prefix or a suffix.”

59. In ***Laxmikant V. Patel vs. Chetanbhai Shah and Another***⁷ the Hon'ble Apex Court observed that in an action for passing-off it is usual, rather

⁷ (2002) 3 SCC 65

essential, to seek an injunction, temporary or ad interim. The principles for the grant of such injunction are the same as in the case of any other action against injury complained of. The plaintiff must prove *prima facie* case, availability of balance of convenience in his favour and his suffering an irreparable injury in the absence of grant of injunction.

60. Consequently, we are of the view that if there was the statements under Exs.P6 & P7, which has been read against the defendants, that could not show or establish *prima facie* of prior user. The burden was on the plaintiff to show that prior user. But no relevant material was filed, and from Exs.P6 and P7 any inference could not be drawn of prior user by the first plaintiff.

IX. Scope of interference in appeal:

Point'B':

61. On the scope of interference by the appellate Court against the order in the matter of grant of temporary injunction, the Hon'ble Apex Court in ***Laxmikant V. Patel*** (supra) observed and held at paragraph No.17 as under:

“17. We are conscious of the law that this Court would not ordinarily interfere with the exercise of discretion in the matter of grant of temporary injunction by the High Court and the trial court and substitute its own discretion therefor except where the discretion has been shown to have been exercised arbitrarily or capriciously or perversely or where the order of the courts under scrutiny ignores the settled principles of law regulating grant or refusal of interlocutory injunction. **An appeal against exercise of discretion is said to be an appeal on principle.** The appellate court will not reassess the material and seek to reach a conclusion different from the one reached by the court below solely on the ground that if it had considered the matter at the trial stage it would have come to a contrary conclusion. If the discretion has been exercised

by the trial court reasonably and in a judicial manner the fact that the appellate court would have taken a different view may not justify interference with the trial court's exercise of discretion (see *Wander Ltd. v. Antox India (P) Ltd.* [1990 Supp SCC 727 : 1991 SCC (Cri) 145] and *N.R. Dongre v. Whirlpool Corpn.* [(1996) 5 SCC 714]). **However, the present one is a case falling within the well-accepted exceptions. Neither the trial court nor the High Court have kept in view and applied their mind to the relevant settled principles of law governing the grant or refusal of interlocutory injunction in trade mark and trade name disputes.** A refusal to grant an injunction in spite of the availability of facts, which are prima facie established by overwhelming evidence and material available on record justifying the grant thereof, occasion a failure of justice and such injury to the plaintiff as would not be capable of being undone at a later stage. The discretion exercised by the trial court and the High Court against the plaintiff, is neither reasonable nor judicious. The grant of interlocutory injunction to the plaintiff could not have been refused, therefore, it becomes obligatory on the part of this Court to interfere.”

62. With respect to the exercise of appellate powers in relation to the exercise of discretion by the trial court in deciding an application for temporary injunction, the Hon'ble Supreme Court in ***Wander Ltd. v. Antox India (P) Ltd.***⁸ held that in such appeals, the appellate Court will not interfere with the exercise of discretion of the court of first Instance and substitute its own discretion except where the discretion has been shown to have been exercised arbitrarily, or capriciously or perversely or where the court had ignored the settled principles of law regulating grant or refusal of interlocutory injunctions. An appeal against exercise of discretion is said to be an appeal on principle. Appellate court will not re-assess the material and seek to reach a conclusion

⁸ 1990 Supp SCC 727

different from the one reached by the court below if the one reached by that court was reasonably possible on the material. The appellate court would normally not be justified in interfering with the exercise of discretion under appeal solely on the ground that if it had considered the matter at the trial stage it would have come to a contrary conclusion. If the discretion has been exercised by the trial court reasonably and in a judicial manner the fact that the appellate court would have taken a different view may not justify interference with the trial court's exercise of discretion.

63. In ***Esha Ekta Apartments Chs Ltd. v. Municipal Corpn. of Mumbai⁹***, the Hon'ble Supreme Court again considered the scope of appellate court power to interfere in an interim order passed by the court at the first instance and held in paragraphs Nos. 19, 20 and 21, which are re-produced as under:

"19. We have considered the respective submissions and carefully scrutinized the record. The scope of the appellate court's power to interfere with an interim order passed by the court of first instance has been considered by this Court in several cases. In *Wander Ltd. v. Antox India (P) Ltd.* (supra), the Court was called upon to consider the correctness of an order of injunction passed by the Division Bench of the High Court which had reversed the order of the learned Dingle Judge declining the respondent's prayer for interim relief. This Court set aside the order of the Division Bench and made the following observations: (SCC p. 733, para 14)

"14....In such appeals, the with the exercise of discretion of the court of first instance and substitute its own discretion except where the discretion has been shown to have been exercised arbitrarily, or capriciously or perversely or where the court had ignored the settled principles of law regulating grant or refusal of

⁹ (2012) 4 SCC 689

interlocutory injunctions. An appeal against exercise of discretion is said to be an appeal on principle. Appellate court will not reassess the material and seek to reach a conclusion different from the one reached by the court below if the one reached by that court was reasonably possible on the material. The appellate court would normally not be justified in interfering with the exercise of discretion under appeal solely on the ground that if it had considered the matter at the trial stage would have come to a contrary conclusion. If the discretion has been exercised by the trial court reasonably and in judicial manner the fact that the appellate court would have taken a different view may not justify interference with the trial court's exercise of discretion."

64. In ***Skyline Education Institute (India) (P) Ltd. v. S.L. Vaswan***¹⁰ (2010) 2 SCC 142, the three-Judge Bench considered a somewhat similar question in the context of the refusal of the trial court and the High Court to pass an order of temporary injunction, referred to the judgments in *Wander Ltd. v. Antox India (P) Ltd.*², *N.R. Dongre v. Whirlpool Corpn.* and observed:

"22. The ratio of the above noted judgments is that once the court of first instance exercises its discretion to grant or refuse to grant relief of temporary injunction and the said exercise of discretion based upon objective consideration of the material placed before the court and is supported by cogent reasons, the appellate court will be loath to interfere simply because on de novo consideration of the matter it is possible for the appellate court to form a different opinion on the issues of prima facie case, balance of convenience, irreparable injury and equity.

65. So, it is well settled in law that if the exercise of discretion by the learned trial Court is not reasonable or not of judicial manner and has been

¹⁰ (2010) 2 SCC 142

arbitrarily and capriciously or perversely or where the learned trial Court ignored the basic principles of law regulating to grant or refusal of interlocutory injunction, it cannot be said that in exercise of the appellate jurisdiction, the same cannot be interfered. In such cases, it is the power and also the duty of the appellate Court to interfere with the same. We have already recorded that the finding on *prima facie* case suffers from perversity and it is not based on any material evidence to show the prior user at least at this stage. Consequently, case for interference in the exercise of appellate jurisdiction is made out. The points 'A' and 'B' formulated by us supra stand answered in view of our conclusion was recorded.

X. Conclusions:

66. Thus, we find merit in the submissions advanced by the learned counsel for the appellant. The learned trial Court has failed to apply the correct and settled principles of law in considering the temporary injunction in the matter of passing off action. There is no judicious exercise of discretion. The finding on *prima facie* suffers from perversity. There was no evidence to establish, at this stage, the prior user by the plaintiffs. So, the findings on other aspects, balance of convenience and causing of irreparable loss and injury, could not be in favour of plaintiffs as well. The learned trial Court erred in law in granting the temporary injunction. The Orders passed by the learned trial Court cannot be sustained in the eyes of law which deserve to be set aside.

XI. Result:

67. The Orders dated 21.10.2022 passed in I.A.Nos.536 & 537 of 2023 in O.S.No.68 of 2023, which are under challenge, are set aside. The Civil Miscellaneous Appeals are allowed.

68. No Order as to costs.

Pending miscellaneous petitions, if any, shall stand closed in consequence.

RAVI NATH TILHARI, J

CHALLA GUNARANJAN, J

Date: 09.05.2025
Dsr/Rpd

Note:
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