

Bombay High Court Cluett Peabody & Co. Inc. vs Arrow Apparals on 24 October, 1997 Author: S Kapadia Bench: S Kapadia JUDGMENT S.H. Kapadia, J. 1. The above suit is filed by the plaintiffs to restrain infringement of plaintiff No. 1 registered mark "ARROW" consisting of word mark "ARROW" and also the devise of "ARROW" in relation to readymade garments. The suit is also to restrain the defendant herein from in any manner using in relation to readymade garments the infringed mark "ARROW" and of devise of ARROW or any mark deceptively similar thereto or deceptively similar to any marks mentioned in Exhibit A to the plaint so as to pass off or enable others to pass off the goods of the defendants as and for the goods of the plaintiffs. The above suit is also filed by the plaintiffs to restrain the defendant from using the word "ARROW" as a part of the defendant trade name and style of any part thereof so as to pass off or enable others to pass off the defendants goods and/or business as and for the goods and/or business of the plaintiffs. The name of the defendant Company is ARROW APPARLES. 2. Plaintiff No. 1 is a Corporation organised under the laws of the State of Delaware, USA carrying on a international well known business of goods and marketing ready-made garments, wearing apparels. Plaintiff No. 2 is a company in incorporated under the Company Act and having its registered office at Ahmedabad, Gujarat. Plaintiff No. 2 manufactures and markets readymade garments and other articles of clothing. Plaintiff No. 2 is the Licensed user of the trade mark of the plaintiff No. 1 which are used by the second plaintiff in connection with goods manufactured by the plaintiff No. 2 under supervision and control and specifications prescribed by plaintiff No. 1. 3. Defendant No. 1 is a Firm, carrying on business of manufacturing and dealing in readymade garments, more particularly shirts of which Firm, defendant Nos. 2 and 3 are the Partners. 4. It is a case of the plaintiff No. 1 Corporation that the Corporation has been manufacturing and marketing readymade garments, inter alia, under the trade mark name "ARROW" and/or devise of ARROW exclusively or in combination with other trade marks, a list whereof has been given at Exhibit A to the Plaint. The trade mark "ARROW" and/or the devise ARROW was adopted by the first plaintiff Corporation in mid eighties. The ARROW COMPANY, a Division of the first plaintiff Corporation began operations in mid eighteen hundreds in a room/workshop in New York. Plaintiff has placed reliance on a brochure containing details of the ARROW COMPANY and its history of fashion. Exhibit B also gives particulars of ARROW APPARELS, licencees in countries other than in India. The trade mark ARROW and/or the devise and/or marks containing the same is an essential part thereof and has been registered in large number of countries of the World, including India as per particulars given in Exhibit C to the Plaint. In India, it has been registered during the period 1955-60 and it has been since renewed every seven years which fact is not in dispute. According to the plaintiff No. 1 the said trade marks stood in the name of M/s. Cluett Peabody & Co. on 15th January, 1986, the Company merged with best Point Apparel Inc. to form a corporation entitled "Cluett Peabody & Co. Inc". The certificate obtained from the office of the Secretary of State confirmed merger. The said certificate was filed with the Registrar of Trade Marks along with the application to record

the merger. This application was filed on 2nd August, 1989 with the Registrar of Trade Marks in India. The said trade marks were duly and validly assigned vide Deed of Assignment dated 20th November, 1990 in favour of the second plaintiffs. The said assignment alongwith the recordal of the assignment was also filed with the Registrar of Trade Marks in India on 20th November, 1990. The Registrar allowed all the applications pending before him and he brought the plaintiffs on record as the Proprietors of the plaintiff (See letter dated 16th March, 1994 communicating the recordal which is Exhibit D to the Plaintiff). It is a case of the plaintiffs that they have used the trade marks "ARROW" and/or the devise with or without the words "ARROW" in respect of a wide range of goods including readymade garments. 5. The world wide sales of ARROW branded goods for the last ten years in US \$ 60,00,000 (See Exhibit E being the chart of world wide sales for the products under the Trade Mark ARROW of plaintiff No. 1). The amount expended towards advertisements in various media in print, radio and TV exceeded US \$ 50,00,000 p.a. According to the plaintiffs, the first plaintiff has appeared in various Magazines such as TIME SPORTS, ILLUSTRATED, ESQUIRE, GQ, VANITY FAIR & L.A. STYLE. The plaintiff claims that most of these Magazines have a circulation in India. It is the case of the plaintiff No. 1 that the advertisement was published on 21st November, 1931 in a Magazine in Colliers. On April, 30, 1947 the advertisement appeared in a magazine called SATURDAY EVENING POST, on 20th April 1980 it appeared in TIME Magazine, on 18th April, 1991 it appeared in ESQUIRE in April 1991 it appeared in GENTLEMAN quarterly, in April 1991 it appeared in a Magazines called VANITY FAIR. It is not in dispute that all these are foreign Magazines. What is in dispute in the present case is whether the above Magazines had circulation in India during the period of post registration of the trade mark ARROW during the period 1955-1960 upto 1985. The disputed question is whether TIME Magazine in which the advertisement purportedly appeared had a circulation in India on 20th April, 1980. This is relevant because 1931 and 1947 are the years which proceeded the registration of the mark in India. The publication of advertisements in the Magazine, ESQUIRE, GENTLEMAN (QULY.) AND VANITY FAIR have taken place after liberalization came to this country in 1991 and, therefore, the only solitary Magazine on which plaintiffs have placed reliance is the TIME Magazine dated 20th April, 1980 which, according to the defendants, was a banned item of Magazine in India in 1980 which, of course, is disputed by the plaintiffs. To complete the reading of the Plaintiff and the averments contained therein, it may be further mentioned that on or about September 1, 1990, plaintiff No. 1 entered into licensed User Agreement with two companies in India by the name Corramandel Garments Limited, Madras and Haria Exports Limited under which the first plaintiffs' subsidiary in Canada by the name Cluett Peabody Canada Inc. was to procure readymade garments under the registered trade mark ARROW from Corromandel Garments Limited and Haria Exports Limited. 6. The recordal of the said Corromandel Garments and Haria Exports Limited as registered user of the trade mark ARROW and/or devise was pending recordal with the Registrar of Trade Marks when the above suit was instituted in this Court on 25th April,

1994. The Export turnover by the above parties in India under the said trade mark ARROW and/or the devise in favour of the Canadian Company is claimed to be in excess of US \$ 4 Lacs. Plaintiff No. 1 also allowed the second plaintiff to use the trade mark ARROW and/or the devise or ARROW in India by virtue of a Licensed User agreement dated November 1, 1991. The recordal of the second plaintiff as a registered user of the trade mark ARROW and/or the devise of ARROW was pending recordal before the Registrar of Trade Marks in India when the above Suit was filed on 25th April 1994. The second plaintiffs have advertised the use of its mark in India in newspapers and Magazines in India since its introduction in India. It is a case of the second plaintiffs that they have sold readymade garments under the trade mark ARROW and they have spend substantial amounts in promoting and advertising the produce under the said mark ARROW in India (See Statement of Sales in this behalf at Exhibit F to the Plaint). It is a case of the plaintiffs that the trade mark ARROW and the devise of arrow have been reason of excellent quality of the goods and by reason of extensive use and promotion, became a well known trade mark and the same is identified with the first plaintiffs exclusively by members of the trade and by the members of the public in India. 7. On 8th November 1993, the defendants, through their Attorneys addressed a letter to the second plaintiff calling upon the second plaintiff to cease and desist using the trade mark ARROW on the ground that the defendants are one of the leading manufacturers of readymade garments, particularly shirts and the defendants have been using the trade mark ARROW since 1985 and the said trade mark is awaiting registration vide Application No. 543375 under the Trade Marks Act, 1958, (hereinafter, for the sake of brevity, referred to as "the said Act, 1958"). By the said letter/notice dated 8th November, 1993, the defendants herein claimed that by way of long extensive use, efforts and amounts spent in promoting the sales of goods bearing the trade mark ARROW, the said trade mark has come to be known to the purchasers that the goods sold thereunder are the defendants goods and the goods bearing the mark "ARROW" are exclusively identified with. The defendants and their goods and since it has come to their notice that plaintiff No. 2 recently (i.e., in 1992) had introduced shirts bearing the trade mark ARROW, the said second plaintiff were instructed to cease and desist the use of the mark ARROW because it constituted trespass and passing off goods of the defendants as goods of the second plaintiffs and it also constituted use of the mark ARROW in relation to the shirts manufacture by the defendants as being passed off as goods of the second plaintiffs. By the said notice, plaintiff No. 2 was informed that they have commenced using the mark with the knowledge of the defendants' prior use of the mark ARROW which amounted to an actionable wrong. By the said notice, plaintiff No. 2 was informed that their conduct in passing off and/or enabling others to pass off their goods constituted an actionable wrong and if the said wrong was not remedied, then the defendants threatened second plaintiffs that the defendants would adopt proceedings in a Court of Law. It is a case of both the plaintiffs herein that they became aware of the use of the mark by the defendants from 1985 in India only on receipt of the above Notice dated 8th November, 1993. It is a case of both the plaintiffs

that with the improved communication links, trade and travel, several tourists, visitors, students, businessmen and traders from India visited various countries of the World where they came across products under the trade mark ARROW of the plaintiffs and on their return to India, they carried with them such products under the trade mark ARROW for personal use or for gifting to relatives and friends and such cases carried back memories of use and availability of the plaintiff products and on seeing the said products under the impugned mark, the Indian customers will assume that the said products emanated from the plaintiffs or their Associates and since the plaintiffs became aware of the claim of the use of mark ARROW by the defendants by virtue of contents of the letter dated 8th November, 1993, the second plaintiffs instructed their Attorneys to give a suitable reply to the defendants and to call upon the defendants to cease and desist from using the mark ARROW claimed to be used by the defendants since 1985. Accordingly, a reply was given by the Attorneys for the second plaintiffs on 22nd November, 1993. It is a case of the plaintiffs that they conducted an investigation and they ascertained that defendants were using the trade mark ARROW and/or the devise of Arrow and in the above circumstances, they instituted the present Suit on 25th April, 1994. 8. Therefore, plaintiffs took out the present Notice of Motion for interim reliefs referred to hereinabove. 9. In support of the said Notice of Motion, plaintiffs have filed Affidavit of one Moin Kadri dated 22nd August, 1994 stating that he was employed by a Company known as Ques Apparel Manufacturing Company as a Product Manager and as an employee, he was required to travel to various countries around the globe including USA and during the course of his trip abroad, he came across shirts sold under the trade mark ARROW and the devise of Arrow. He has further stated that he used to purchase garments under the trade mark ARROW and the said garments had excellent quality. The plaintiffs have also relied upon Affidavit dated 6th May, 1994 of one Subramaniam residing in USA and who had come to Bombay in May 1994. According to the said Affidavit Shri Subramaniam was aware of ARROW shirts manufactured by plaintiff No. 1 as he had purchased several shirts abroad for his personal use. 10. Plaintiffs have also relied upon Affidavit of one Phillip Tumett, resident of Plaintiff No. 1's subsidiary Company in Canada to the effect that the Canadian Company was in need of readymade garments in 1989 and Haria Exports and Corromandel Garments supplied to the Canadian Company, readymade garments under the trade mark ARROW and under the devise of ARROW. Plaintiffs have similarly relied on Affidavit dated 12th July, 1994 of one S. Sumaiya, General Manager of M/s. Corromandel Garments Ltd. was the manufacturer and exporter of readymade garments and that his Company Corromandel Garments Ltd. Madras stating that his Company Corromandel Garments Ltd. had, in the past routed some of the requirements of readymade garments, specially shirts, from manufacturers in various parts of the world and that in 1989-1990, the Canadian subsidiary company of the plaintiff No. 1 company was in need of readymade garments, Corromandel Garments Madras offered to manufacture the same in India and export the same to Canada. As the trade mark "ARROW" was required to be inserted on the garments, an agreement was arrived at between plaintiff No.

1 Company and Corromandel Garments Madras on 1st September, 1990, inter alia, dealing with the use of trade marks. Shri Subramaniam has further deposed that the garments manufactured under the said trade mark by his company before the slogan “Manufactured in India” Annexure ‘A’ to his Affidavit gives particulars of exports to Canada under the trade mark ARROW giving the years 1989-1990 upto 1993-1994. 11. By way of Affidavit-in-reply dated 7th June, 1994 opposing ad-interim reliefs sought by the plaintiffs, defendants No. 1 contended that they are carrying on business of manufacturing readymade garments and in particular shirts from December 1985 and one of the Partners of defendant No. 2 devised the mark consisting of the word ARROW written in a specialized manner viz., the first downward stroke and the letter ‘A’ taking upward curve and ending in an Arrow. Defendant No. 1 has further contended that the said trade mark consists of the word ARROW written in a specialized manner and it also contains the word APPARELS together with the devise. The said trade mark is exclusively used by defendant No. 1 since December 1985 in respect of their readymade garments and in particular, shirts sold by defendant No. 1. According to the said defendants, they have sold goods under the said trade mark on extensive basis during the period 1st April, 1984 upto 31st March, 1993 in the aggregate value of Rs. 3.22 crores (See Exhibit 1 being the Statement of Sales affected by defendant No. 1 during the period 1st April, 1985 upto 31st March, 1993). By the said Affidavit dated 7th June, 1994, defendant No. 1 alleged that by reason of exclusive sale of their goods from 1985, their mark has come to be associated by the traders and members of the public exclusively with defendant No. 1 and their sales were increasing every year and defendant No. 1 have also spent huge amounts by way of publicity expense. 12. According to defendant No. 1, their trade mark has come to be associated by the traders and members of the public exclusively with defendant No. 1 who claim to be the first adopters and users of the said mark of which the word ARROW is an essential feature in India. At this stage, it may be mentioned that even according to defendant No. 1 who claim to be the first adopters and users of the mark, the word ARROW is an essential feature in India which is also the case of the plaintiffs. It is a case of defendants that prior to adoption of the said marks, defendants had caused a market survey to be effected to ascertain whether any other manufacturers or sellers were similar trade mark was used by other traders, the defendants launched their goods with the said mark ARROW in December 1985 and in fact on 11th January, 1991, defendants have made an application for registration of the said trade mark. 13. However, in November 1993, it is alleged that the defendants came across readymade shirts, marketed by plaintiff No. 2 bearing the trade mark ARROW and consequent upon their knowledge, they have even applied for rectification/removal of the mark from the Register/record of the Registrar of Trade Mark in India because they claim to be the first users of the mark consisting of the word “ARROW” and the devise of Arrow in India. According to the said defendants, they have large sales of their goods under their trade mark and according to them, plaintiffs have never used their said trade mark prior to October 1993 and the defendants have been selling their own goods all over India from December 1985 (See Exhibit 3

to the Affidavit-in-reply dated 7th June, 1994 containing the list of details of the defendants, all over India). According to the defendants, their trade mark reproduced at Exhibit 1 to the said Affidavit dated 7th June, 1994 stands associated by traders and members of the public exclusively with the defendants and although plaintiff No. 1 claims to be registered proprietors of the mark consisting of the words ARROW and the devise of an Arrow they had never any intention to use the trade mark in India. According to the defendant No. 1, plaintiffs never used the said trade mark in India till October 1993 when plaintiffs No. 1 used the trade mark through plaintiff No. 2 and accordingly, it is contended by the defendants that plaintiff No. 1 abandoned their rights in respect of their registered marks and registered trade mark and registered trade marks are, therefore, liable to be removed from the Register of Trade Marks. 14. It is further contended that defendants honestly adopted their own trade mark as set out in Exhibit 1 to the Affidavit dated 7th June, 1994 and they were never stopped by the plaintiffs. It is further claimed that the defendants used the mark openly unite uptedly and to the knowledge of the world at large and they are the proprietors of the mark at Exhibit 1 to the said Affidavit where as plaintiffs started using the said mark only in 1993. Defendants has further stated that since June 1988, they are the Members of Cloth Manufacturers Association of India. They have contended that it is defendants who invited the attention of the plaintiff No. 2 vide notice dated 8th November, 1993 to cease and desist from using the said impugned mark of the plaintiffs and in the circumstances, defendants have denied that the word ARROW amounted to infringement of the plaintiffs alleged trade mark. They have denied that their own mark is similar, whether deceptively or otherwise of the plaintiffs alleged trade mark and they have denied that they were passing off their own goods and/or business as those of the plaintiffs. They have further contended that even according to the plaintiffs own showing, though the plaintiffs trade marks were registered during 1955-1960, they started using the goods in India in October 1993 i.e., after 33 years and, therefore, by reason of non user, plaintiffs, have abandoned their right in respect of their own registered mark and accordingly on 6th December, 1993, defendants have applied for rectification/removal of the plaintiffs' trade mark. 15. The defendants have further contended that the cost of the plaintiffs' goods is much higher than that of the defendants and the plaintiffs goods are available through the showroom of the plaintiff No. 2 and while the goods of the defendants are available in any shop in Bombay or Bangalore, the goods of the plaintiffs are available only their the showroom of the plaintiffs No. 2 and, therefore, the question of public being deceived or confused did not arise. Defendants have further alleged that they are not aware of the registered trade mark ARROW of the plaintiffs in India and all the advertisements of the plaintiffs are of the year 1992-1993 i.e., much after 1985 and, therefore, by non user, plaintiffs have abandoned their rights to use the mark. Defendants have also denied that the adoption by the defendants of the expression ARROW APPARELS as its trading name and style is totally dishonest as alleged on at all. They have denied that by using the word ARROW as a part of its trading name, defendants have infringed the proprietary rights of the plaintiffs No. 1 as

alleged. By affidavit dated 10th May, 1994, filed by Manish K. Shah on behalf of the defendants, it is pointed out that defendants are the first adopters and users of the mark of which the mark ARROW is an essential feature in India and prior to the adoption of the said mark, defendant No. 1 have caused survey to be effected in the market to find out if any other manufacturer or seller was selling goods bearing any similar mark and having satisfied themselves that no other similar trade mark was used by other Traders, defendants launched their goods in December, 1985 with their mark. 16. According to the said Affidavit, it is only in November 1993 that the defendants came across readymade shirts marketed by the plaintiffs No. 2 carrying the trade mark ARROW and in the circumstances, they gave notice to the plaintiffs on 8th November, 1993. They have further stated that defendants are the first users of the mark consisting of the word ARROW and the devise of Arrow in India and that the plaintiffs have never used their alleged trade mark prior to October 1993 as they never had any intention use the trade mark in India till October 1983 when they started using the said trade mark through plaintiffs No. 2. The said Affidavit encloses advertisements of shirts manufactured and sold by the defendants under their trade mark ARROW in the Indian newspaper viz., MIDDAY of January 1992, in STAR OF MYSORE dated 15th February, 1992, in MIDDAY dated 22nd July, 1991 whereas the advertisement of the plaintiffs referred to above were published in foreign Magazines particularly during the period 1980-81. At this stage, it may be mentioned that before me a controversy arose as to whether plaintiffs gave full inspection of all the advertisements on which reliance was placed by the plaintiffs. Without going into that controversy, I gave an opportunity to both sides to file their respective Affidavits and accordingly plaintiffs have filed an Affidavit of Shyamsunder Iyer dated 19th August, 1997 in which they have stated that references to Magazines in which plaintiff No. 1's mark ARROW was advertised was all in foreign Magazines, six in number, on 21st November, 1931, 30th April, 1947, 20th April, 1980, 18th April, 1981, April 1991 and again April 1991. It has been clarified by the plaintiffs that the advertisements of 1931 and 1947 are prior to the date of registration of their marks in India and that the Magazine viz. TIME Magazine dated April 1980 bears the stamp PAC SOUTH WEST and price US \$ 1.25. 17. They have clarified that the said stamp of PAC SOUTH WEST indicated that the Magazine was an International Magazine published abroad. However, it is a case of the plaintiffs that the said International Magazine had circulation in India and such Magazines were procured, read and reread and even maintained as Collector's item in India by the public. The plaintiffs have denied the allegation of the defendants in their subsequent Affidavit that there were serious restrictions on import of Magazines in India during the year 1979-1980 and 1980-1981 and they have referred to Clause 3 of Appendix II stating that they did not assist the defendants because the defendants were not able to show that TIME Magazine was not available in India pursuant to Customs permit during the above period. Arguments of Mr. Tulzapurkar on behalf of the plaintiffs 18. Mr. Tulzapurkar, learned counsel for the plaintiffs submitted that by reason of the plaintiffs mark being registered, the plaintiffs along were entitled to the exclusion of all, to have

the right to use the mark in relation to goods for which it is registered. Further, since registration has continued during the period 1955-1960 till today, the said registration is conclusive as to its validity and, therefore, it is not open to challenge in these proceedings, the validity of the mark. Till the rectification is upheld the plaintiffs are entitled to use the mark in relation to goods for which it is registered. He further contended that delay, if any, cannot deny injunction to the plaintiffs, particularly when there is fraud and deception involved on customers on the part of the defendants. Mr. Tulzapurkar further contended that statutory right cannot be lost by delay in adopting the above proceedings. He further contended that in the present case, public interest is involved inasmuch as the defendants have imitated the mark of the plaintiffs which constituted deception on the customers. Mr. Tulzapurkar contended that if the mark is identical, as in the present case, then injunction cannot be refused. He further contended that in the present case, the trade of the plaintiffs and the defendants is identical and it is for this reason that the statutory Act provides rights to the plaintiffs. Mr. Tulzapurkar contended that even stylized manner of writing the mark is no defence and the mark remains similar and not deceptively similar. Mr. Tulzapurkar contended that the people going to a Retail Shop to buy shirts will ask for ARROW shirts and they would be put into wonderment as to whether the shirts sold to them across the counter are that of the plaintiffs or the defendants. Mr. Tulzapurkar contended that even the defendants have admitted in their Affidavit that the essential feature of the trade mark for the word ARROW and in such cases, one has to see the essential features of the two marks and if there is phonetic, visual and structural similarity which, according to the learned counsel exists in the present case, then the test of imperfect recollection of a common person is required to be applied and, therefore, in the present case, the plaintiffs have, prima facie, made out a case of infringement and passing off. He further contended that if the injunction is refused, then the reputation of the plaintiffs is likely to suffer by reason of the customer being supplied with substandard quality of shirts. 19. Mr. Tulzapurkar next contends that by registration of the mark, exclusive right to use is given to the plaintiffs under the Act as a registered proprietor and so long as the registration stands use/non use of the trade mark is irrelevant. In the alternative, he submitted that in any event, on facts, there is actual use of the trade mark in India, but by reason of the import restrictions, the alleged non user of trade mark took place, but the same is justified as and by way of special circumstances. 20. Mr. Tulzapurkar next contended that defendant's adoption of the mark ARROW is dishonest per se and it is with notice (actual/constructive) of the plaintiffs registration and, therefore, no amount of user by the defendants can raise equities in favour of the defendants. Mr. Tulzapurkar contended that the plaintiffs mark is on the Register from 1955-1960 whereas the defendants started using the mark from 1985. Mr. Tulzapurkar contended that in the present case before using the mark in 1985, no steps were taken by the defendants to take a search of the Register maintained by the Registrar of Trade Marks. Mr. Tulzapurkar contended that in the present case, the defendant have pleaded that they resorted to market survey, but no enquiry was made with the office of the



Registrar to find out whether there existed a conflicting mark. He contended that survey was not a good method to ascertain conflicting marks. He contended that inspection, under the Rules, applies even to pending applications for registration and since the defendants are totally silent on the question of the said inspection. Mr. Tulzapurkar contended that the court should infer that the defendants took charge and with notice, they adopted the mark and, therefore, the notice must be affixed to the defendants. He contended that in the circumstances, the adoption of the mark ARROW by the defendants was dishonest and it was not deceit. He further contended that in any event defendants had constructive notice to the plaintiffs mark and since defendants had constructive notice, their adoption of the mark ARROW from the inception was not bona fide because with ordinary diligence, defendants could have ascertained the registration of the trade mark in favour of the plaintiffs. Mr. Tulzapurkar contended that wilful negligence on the part of the defendants in not inspecting the Register amounts to constructive notice and knowledge of the mark being registered mark being imputed on to the defendants. 21. Mr. Tulzapurkar next contended that a trade mark with transborder reputation and goodwill needs protection from passing off even without evidence of actual user. He contended that reputation in respect of trade mark may be international and yet it will give right to the plaintiffs in India even if there is non user of the mark on the goods in India. He contended that plaintiffs' reputation in the World has crossed over to India and when an Indian buyer visits the Retail Shop, he is likely to associate the mark ARROW with the trading style and name of the plaintiffs. Mr. Tulzapurkar accordingly submitted that dishonest intention is not material, but as a consequence, if injury is caused to plaintiffs proprietary rights because it is on plaintiffs reputation that the defendants are trading, then the Court would grant injunction and protect the reputation and goodwill of the said mark in the passing off action. Mr. Tulzapurkar invited my attention to various advertisements referred to hereinabove in various Magazines viz., TIME ESQUIRE etc. and contended that when Indian tourists went abroad and found that the mark ARROW had World reputation and when they came back to India, if any of the tourists adopted the mark illegally, then notwithstanding the fact that there is no actual user of the mark in India by the plaintiffs, even then a mark with transborder reputation and goodwill is required to be protected from passing off notwithstanding the fact that there is no evidence of actual user in India. 22. Mr. Tulzapurkar next contended that in the present matter, use by the defendants of the first plaintiffs registered mark ARROW as a part of the defendants name or trading style per se constituted use by the defendants of the word "ARROW" as a trade mark and this also amounted to infringement and passing off. He contended that use of the word ARROW in trading name and style amounted to use of the word ARROW as a trade mark and this constituted infringement of the trade mark and passing off. He contended that the business name of the defendants viz., ARROW APPARELS is objectionable because people will be misled into thinking that there is some kind of association between plaintiffs and defendants and this would amount to defendants trading on the reputation of the plaintiffs. 23. Mr. Tulzapurkar next

contended that in the present case, the plaintiffs were entitled to injunction. He contended that in the present case, plaintiffs have made out a prima facie case of protection of their property rights. He contended that balance of convenience test will apply only if it is relevant last test is of public interest. He contended that all three tests are applicable in the present case in favour of the plaintiffs and accordingly, he submitted that the plaintiffs were entitled to injunction. He further contended that balance of convenience test is no defence to an infringement action Mr. Tulzapurkar further contended that in the present case although the defendants have applied for rectification removal of the plaintiffs name from the Register maintained by the Registrar of Trade Marks pendency of the application for such rectification/removal did not prevent the plaintiffs from seeking interim reliefs. . 24. Mr. Tulzapurkar next contended that in the present case on facts there was no delay on the part of the plaintiffs in moving the Court. He contended that the plaintiffs applied for removal of registration every seven years. He pointed out that advertisements were issued in various Magazines available in India. He contended that it is only no account of import restrictions that there was on actual user in India. He further contended that during the period 1989-1990, the plaintiff had entered into agreements for manufacture of the said shirts in India with Corromandel Garments Limited and Haria Exports Limited and in the circumstances, he contended that it is only when a notice was given in 1993 by the defendants to the plaintiffs that they came to know for the first time that the defendants were using the mark APROW and accordingly, it is contended that there was no delay on the part of the plaintiffs in moving the Court in 1993. Alternatively, he submitted that in any event, delay is no defence to cases of infringement. He contended that in any event, the plaintiffs are likely to succeed in the passing off action which is required to be balanced with the chance of the plaintiffs likely to succeed finally in the suit and if a strong case is made out by the plaintiffs then delay cannot defeat the plaintiffs rights. Mr. Tulzapurkar submitted in the alternative, that even if there is delay on the part of the plaintiff in moving the Court, unless delay amounts to acquiescence or abandonment, it cannot defeat the plaintiffs claim and in any event, the defence of delay is not relevant in the matter of infringement because unless delay amounts to abandonment and it is only in such cases, that it can non suit the plaintiffs . In any event, Mr. Tulzapurkar contended that in the present case, the defence is of abandonment and not acquiescence. 25. Mr. Tulzapurkar next contended that pendency of application for rectification/removal of the mark is no answer to infringement action and the same is wholly irrelevant to passing off. 26. Mr. Tulzapurkar next contended that non user of the mark in India is no defence to the infringement of registered trade mark. In any event, he contended that on facts, it was clear that the plaintiffs have been using the mark in the form of various advertisements in TIME Magazine, ESQUIRE Magazine etc. and further, the plaintiffs have entered into Export agreements with Haria Exports and Corromandel Garments and, therefore, actual user has taken place from 1989. He also invited my attention to the agreement with the Canadian Company entered into by Haria Exports and Corromandel Garments. He further contended that under Section 46(3) of the

Trade Marks Act, special circumstances include non user on account of import restrictions and, therefore, such non user will not provide defence of non user to the defendants. (See ). 27. Mr. Tulzapurkar next contended that in the present case, the adoption of the mark is dishonest and tainted with fraud because the defendants have copied the plaintiffs trade mark verbatim and a person who copies cannot claim property rights in that mark. Mr. Tulzapurkar further contended that issuance of advertisement amounts to user of the mark and use of the mark need not be by affixing the mark on the goods. It can be also in relation to the goods that a mark is used. He further contended that the Trade Marks Act, as applicable in India permits an applicant to apply for registration of the trade mark as a proprietor even if such as applicant has not used the mark in the past prior to the application and that he merely proposes to use the mark in future and, therefore, proprietorship can be acquired by registration. Mr. Tulzapurkar, contended that the concept of proprietorship being acquired by actual user is negated by Section 18 of the said Act which gives a person a right to claim proprietorship even without his actually using the mark and only on the ground that he proposes to use the mark as a trade mark in future that he acquires the right of proprietorship by getting the mark registered (See ). Mr. Tulzapurkar submitted that as the plaintiffs are registered proprietors, of the mark. He contended that proprietorship is not reputation and user of the mark can confer upon the defendants only reputation which cannot be equated to proprietorship and it is for this reason that under Section 18 of the said Act even a proposed user confers proprietorship by registration and user is not the test for proprietorship though it is *sin qua non* for reputation. 28. He contended that in case of registration of a trade mark, the effect of registration is that the principle of prior or senior user will not be a defence because the right of property is acquired in the trade mark by registration and not by user. Mr. Tulzapurkar contended that while granting registration, the Registrar is required to consider adoption of the mark, was there any other proprietor etc. He contended that adoption of the mark by the defendants in 1985 cannot defeat the rights of the proprietor in the trade mark acquired by him by way of registration. Mr. Tulzapurkar contended that if between two competitive claims made on the basis of user alone by two competitors then the principle of senior user will apply, but the said principle will not apply where one of the two competitors is a registered competitor, as in this case. He contended that his argument is based on a rationale viz., that where registration of a mark takes place, the act of registration itself is a prior user and he contends that this is clearly spelt out by Section 18 of the Act which presupposes that even a person who has never used the mark and who proposes to use the mark in future, is entitled to apply for registration of the mark and on registration, he acquires the proprietorship or the rights of property in the trade mark. He contended that abandonment is a matter of Intention and mere non use is no evidence in support of abandonment unless the defendants show that the plaintiffs have given up their rights for all times (See AIR 1990, Calcutta 43. He further contended that this Court should not record a finding at this stage on the issue of abandonment because it will effect the rectification application made by the defendants and either way, the finding,

if given by this court, will effect the said application and, therefore, the Court should not record finding on the said issue of abandonment, although abandonment can be a defence to an infringement action. He contended that there is a difference between abandonment and acquiescence. He contended that in the case of acquiescence, plaintiffs must create an impression in the mind of the defendants that the plaintiffs are not likely to sue the defendants. Secondly, in the case of acquiescence the plaintiffs must have knowledge of the defendant use and if the plaintiffs have no such knowledge, acquiescence is not there and, therefore, in the present case, there is no acquiescence. He contended that all the defences of the defendants in the present case are the defences in passing off action and they are not the defences required to be taken in infringement action because reputation is not the basis for the present suit filed for infringement. This is also because on registration, plaintiffs have exclusive rights to use the mark. Arguments of Mr. Dwarkadas, learned counsel for the defendants 29. Mr. Dwarkadas, learned counsel appearing on behalf of the defendants firmly contended that prior to the Trade Marks Act, 1958, there was a Trade Mark Act, of 1940. Both the Acts did not change the common Law. On the contrary, both the Acts recognized the common law and both the Acts were enacted in order to facilitate implementation of the common law. For example, prior to the enactment of the two Acts, the applicant for registration was required to prove the essentials which included priority in use whereas by the enactment of the two Acts herein referred to above, the Registrar is required to consider all the requisite essential of registration before granting registration of the mark as a trade mark. Mr. Dwarkadas contended that under the above circumstances both, under the common law and under the statute, priority in use and not priority in registration of the mark is the test which is required to be applied to the facts of the present case. Mr. Dwarkadas relied upon the judgment of this Court . It deals with registration of the mark MONARCH on bottled and food products. It is considered in the entire common law and the scope of the Trade Mark Act, 1940 and 1958. 30. Mr. Dwarkadas contended that registration does not confer a right. The first test which is required to be satisfied by the applicant is whether he is a proprietor because monopoly does not come from registration, but it comes from the applicant establishing proprietorship over the trade mark i.e., by the using the trade mark on vendible goods. Mr. Dwarkadas vehemently urged that words cannot be monopolized. He further contended that the said Act, 1958 does not confer property right when none exist because there is no property in the trade mark. Mr. Dwarkadas contended that right to use a trade mark is a right of property and there is no independent property in the trade mark de hors the right to use a trade mark which is regarded as a right of property. Mr. Dwarkadas contended that even before the two enactments, infringement actions were maintainable on the assumption that the plaintiffs were the owners of the trade mark and had a property right in the mark. An ownership was effected by stamping of plaintiffs mark of the goods vendible in the market and not by length of time. Mr. Dwarkadas contended that this common law position has not been changed by the enactments and but registering the mark under the Act, the plaintiffs get the facility of prov-

ing the proprietary right before the Registrar of Trade Marks. Mr. Dwarkadas accordingly contended that registration under the Act per se does not create a trade mark and priority in use or priority in adoption is far superior to priority in registration. 31. Mr. Dwarkadas further contended that the basic question in the present case is as to when did the plaintiff use the trade mark here, in India. He contended that plaintiffs cannot go beyond the use of the mark on the goods because otherwise it will create a monopoly of words and, therefore, without being a proprietor, the plaintiffs cannot claim registration because proprietorship arises by use of the trade mark on vendible goods. Mr. Dwarkadas relied upon Section 28 and Section 33 of the said Act, 1958 and submitted that if prior to plaintiffs registration of the mark, somebody had used the mark, the vested rights cannot be taken away because a registered proprietor may have a user ten years' prior to the registration. He accordingly contended that in the present case, even if the plaintiffs' mark was registered during the period 1955-1960 and even if the said registration stood renewed every seven years, still if the defendants user is first in point of time, then whether the plaintiffs obtain registration or fails to obtain registration becomes irrelevant. Mr. Dwarkadas accordingly contended on facts that even in the present case, defendants have move the Registrar for cancellation of the mark of the plaintiffs before the plaintiffs came to this Court claiming injunction in the above infringement action and in the circumstances, it is for the defendants who has to make out a prima facie defence and if on the basis of prior user the defendants are the first proprietor, then in that even prima facie case is made out by the defendants and injunction should not be granted even if it has an effect in the pending matter on rectification/removal of the mark from the Registrar maintained by the Registrar of Trade Marks. 32. Dwarkadas next contended that the said Act, 1958 awards registration, of a trade mark without bona fide intention to use the trade mark (See ). He further contended that even under Section 46, if the defendants prove non user and if the defendants prove that registration was not made out of honest intention, then the mark is entitled to be removed because user of the mark is the test and not just registration of the mark and if user is not there and if only registration is there, then the intention of the plaintiff is only to create monopoly of words which can never constitute bona fide intention on the part of the applicant. Mr. Dwarkadas contended that and the question of goodwill and reputation are questions of fact. He contended that every mark may not have worldwide reputation. Mr. Dwarkadas, therefore, contended that in the present case, there is no evidence whatsoever even prima facie to suggest that in 1985, a person/defendant herein knew about the mark ARROW. Mr. Dwarkadas contended that even the advertisements produced by the plaintiffs in TIME Magazine, ESQUIRE Magazine etc., indicates that they are all foreign Magazines and the marks made on TIME Magazine clearly indicate that even the issue was not available in Bombay because the mark on the photocopy of the TIME Magazine enclosing the advertisement of ARROW (plaintiffs) show that it is a copy which has been circulated in Central Pacific and the rate/price of TIME Magazine is also quoted in US \$. Mr. Dwarkadas, therefore, contended that even if advertisement is treated as evidence of user, the advertisement in

the present case is only of 1991 and, therefore, prior to 1985, there was no evidence of user. Mr. Dwarkadas accordingly contended that it is honestly in the matter of user of trade mark and not in the registration of trade mark which is important. 33. Mr. Dwarkadas contended that the basic issue which arises for determination at this stage in the present Motion is the year in which the mark ARROW travelled into India by way of advertisement and there is no evidence to show that the plaintiffs applied the mark to shirts in India prior to 1985. The question posed by Shri Dwarkadas is whether in 1985 did any Indian know about the mark ARROW and in the present case he contended that even if the defendants did not examine the Register maintained by the Registrar of Trade Marks since user is the main criteria, the defendants were entitled to rely upon their own market survey and it is a case of the defendants that after survey, they found that there was no such user of the mark ARROW in India and accordingly, the mark was adopted in 1985 by the defendants. If the user of the mark is after 1985 by the plaintiffs then it is irrelevant because it cannot displace the rights of the defendants as proprietors of the trade mark. Mr. Dwarkadas relied upon the judgment of the U.S. Court (reported in 900 Central Reports, Vol. 2, Page 1565) in the case of Parson Company Limited v. Chrismond. He contended that in the said judgment it has been laid down that the defendants, who have priority in user cannot be dishonest and the onus is on the plaintiffs to show that the mark had earned the reputation in India prior to 1985. Mr. Dwarkadas accordingly submitted that the factum of communication of information from U.S. to India is a *sin qua non*. 34. Mr. Dwarkadas next contended that in the present matter, it is a case of the plaintiffs that on account of import restrictions, they were not able to use the mark ARROW in India upto 1993. Mr. Dwarkadas contended that no particulars of the import restrictions have been furnished by the plaintiffs either in the pleadings or to the defendants. Mr. Dwarkadas accordingly contended that user abroad or advertisement abroad is not relevant. The knowledge of the US citizen about the mark ARROW cannot be equated to the knowledge of the Indian customer unless the knowledge has travelled from US to India and in the absence of the said details regarding the factum and the date on which that knowledge stood transferred or communicated to India, plaintiffs are not entitled to interim reliefs. 35. In the alternative, Mr. Dwarkadas contended that if one goes through the various judgments of the UK Courts physical use of the mark qua the vendible goods is given importance whereas the Irish Courts and other Courts have given importance to even knowledge or information being part of the user but in either case, it is for the plaintiffs to prove as to when an Indian citizen got the knowledge of the mark ARROW. Mr. Dwarkadas accordingly contended that in the absence of the plaintiffs producing the relevant Notification prior to 1993 evidencing import restrictions, the Court can draw adverse inference that there were so such import restrictions. In this case, therefore, Section 46(3) will not attract because on one hand plaintiffs plead that the export turnover which took place through Corromandel Garments and Haria Exports in 1989-1990 shows that there was user as claimed by the plaintiffs and if that be the case, then it is clear that although there were import restrictions, as alleged by the plaintiffs, there were

no export, restrictions and if the user through exports was permissible, then one fails to understand why such user was not made prior to 1985 and if the prior user is not there, then the plaintiffs cannot only rely upon registration of the mark under the said Act. Mr. Dwarkadas contended that there is a conflict in the arguments of the plaintiffs inasmuch as when it comes to import restrictions, plaintiffs refer to Section 46(3) for getting that there were no export restrictions as contemplated by the Customs Law and if there were no export restrictions, then one fails to understand why there was no user through exports prior to 1985 and if there was no such user prior to 1985 and if the defendants have put the mark to use in 1985, then as prior user, the plaintiffs had the right as a proprietor. Therefore, it is a case of the defendants that in the present case, the facts clearly show that the defendants have made out a case of abandonment of the mark because for 35 years plaintiffs allowed the trade mark to remain on the Register. 36. In the present Notice of Motion, both the Advocates have argued the matter competently, but to my mind, they have argued more conceptually rather than on application of law to the facts of the present case. In this Notice of Motion, this Court does not wish to go into all the authorities cited because I find that legal preposition governing common law followed by Trade Marks Act, 1940 and the Trade Marks Act, 1958 stand crystallized. There is one more reason why at this stage, this Court should not go into the question of acquisition of the marks by the plaintiff or validity of registration in favour of the plaintiffs because the matter of rectification and removal of the trade mark from the Register is pending by way of application by the defendants. In the circumstances, this Court would mainly decide this Motion by going into principles governing injunction and the observations made herein below will only be in the context of application of those principles of injunction to the facts of this case. These observations will not bind the Registrar in any way while dealing with rectification matters. 37. Now before going into facts, the following principles emerge under the Trade Marks Act which are required to be noted : (a) An application for injunction is an infringement action based on Trade Marks. It is an application in support of the right to property. (b) Trade Marks is a property. A mark which is used in the course of trade to indicate a connection between the goods and the proprietor of the mark is a Trade Mark (See Trade Marks by Shavaksha, Page 14). It is not a property in pervasive sense. It is property in the sense that proprietor is entitled to exclusive use of it or to prevent others from using it in relation to goods in respect of which it is registered or used. It must be adopted and used to distinguish the goods of the proprietor from goods of others. The mark must be distinctive. It must show the source or the goods to the customer. Words like, 'Best', 'Superior', etc. are not distinctive of the goods. They are only descriptive and hence cannot constitute trade mark. The vendor who sells his goods under a trade mark acquires a limited right to the use of the mark. (c) An infringement action is based on invasion of the statutory right. The issues which arise in this action are whether the plaintiff is a proprietor of the Trade Mark and whether the defendant's mark is identical or similar to trade mark of the plaintiff. In an infringement action the question of deception or confusion will not arise. (d) In an infringement action, defendant

is restrained from using the infringed mark whereas in passing off defendant is restrained from using the mark in such a way so as to pass off his goods as that of the plaintiff. (e) The abovementioned limited exclusive right to the use of the mark is acquired by use. It is recognized as property. A person can also acquire it by registration (See Para 1.01 of Narayanan). The proprietor of the mark gets a perpetual right to the exclusive use of it in respect of particular goods in respect of which it is registered or used (See Para 1.02 of Narayanan). Therefore, it can be acquired in three ways viz., Registration, User and Assignment. (f) Object of the Act is to protect the right and not to be a source of monopoly. It is also to protect bona fide interests of traders from harassment by registered owners of a trade mark, apart from protection of public fraud, by infringers of genuine trade mark. (g) Registration enables the registered proprietor to sue for infringement of registered trade mark irrespective of the fact whether it is used or not used. Registration confers on the proprietor a monopoly right over the use of the mark. But, proprietary rights in a trade mark acquired by use are superior to rights obtained by registration under the Act. This is the main defence put up on behalf of the defendants in this Notice of Motion. Therefore, prior user of the marks should be protected against monopoly rights conferred by the Act. (Pages 5 & 6 of Narayanan). A trade mark has no meaning even if it is registered unless it is used in relation to goods. Otherwise, its non-use may lead to its death. A trade mark which drops out of the use dies. Where there are no goods offered for sale, there is no use of trade mark. (h) Use of the trade mark does not mean user by affixing the word on the goods. It could be in the form of advertisements in Magazines, T.V. etc. It would be with regard to goods exported out of India. With advancement of technology and globalization after 1991, use of trade mark can take place in different ways. But, this case essentially concerns the period 1985-1990. Property in trade mark can be acquired by public use of it. (i) The test as to “who gets it there first” is not applicable in cases where registration is sought under Section 18 (Page 26 of Narayanan). (j) The mark can lose its distinctiveness by non-user, (Para 26 of Narayanan). Therefore, the enforcement of the Right of exclusive use of a trade mark will depend on continuous use of the mark by the proprietor. If he fails, piracy will result and the mark will become common to the trade because there is no exclusive ownership of the symbol constituting a trade mark apart from the use of it in respect of vendible goods, particularly in context of principles governing them. Acquisition of proprietary right is different from enforcement or rights/reliefs. (k) Courts shall not protect this right of a proprietor unless there is sale of the articles to which trade mark is attached or related to (Para 28 of Narayanan). Without use of the mark, the proprietor cannot restrain others from use of it on similar goods (Page 29 of Narayanan). (l) An infringement action is a suit on trade mark and not on reputation. The defendant (infringer) who copies the mark cannot plead as a defence particularly because the defendant is dishonest as he has copied the mark. But, priority in use cannot be dishonest and, therefore, the defendant who has prima facie evidence of priority in use, could plead delay as a strong defence. This principle is in context of defence to infringement action, particularly in context of this



Notice of Motion. 38. Now, in the present case, there is a dichotomy in the arguments of both sides. The arguments of the learned Advocates have mainly emphasized the question of acquisition of proprietary rights in a trade mark and the effect of registration under the Act and the common law before it. Whereas the other aspect is more important viz., principles governing grant of injunction in such matter, defences of delay abandonment etc. Because as stated above, acquisition of a proprietary right is different from enforcement of those rights and the relief which the plaintiff is entitled to. 39. Now applying the above principles to following facts, I find that they are not disputed viz. (i) 1955-1960 : Registration of the trade mark by the plaintiff. (ii) April 20, 1980 : Advertisement of plaintiff in TIME Magazine bearing stamp of South-West Pacific, priced in terms of US \$. (iii) December 1985 : Defendants launched their trade mark "ARROW". (iv) 11th January, 1991 : Defendant apply for registration of the trade mark "ARROW". (v) 6th December, 1993 : Defendants apply for removal/rectification of the mark on the Register of the plaintiffs. Defendants claims to have used their mark openly, uninterruptedly and to knowledge of the entire World; right from December 1985. (vi) 16th March, 1994 : Plaintiff No. 2 in whose favour assignment was effected by plaintiff No. 2 on November 20, 1990, is brought on record of the Registrar of Trade Marks under the Trade Mark Act, 1958. (vii) 1st November, 1991 : Plaintiff No. 1 entered into User Agreements with plaintiff No. 2. (viii) 1st September, 1990 : Plaintiff No. 1 enter into user agreements with M/s. Corromandel Garments and M/s. Haria Exports. Under the said agreement, subsidiary of Plaintiff No. 1 - Company in Canada agreed to purchase garments manufactured by Corromandel Garments and Haria Exports in India and exported to Canada. (ix) 8th November, 1993 : Defendants, through their Attorneys, give cease and desist notice alleging that defendants are largest manufacturers of garments and that they are using the mark ARROW since 1985 and that their mark is awaiting registration and that the object to the plaintiff introducing the said mark in the Indian market from 1992. In this connection, the advertisements given by plaintiff No. 2 in ESQUIRE Magazine and GENTLEMAN Magazine, both being foreign Magazine of 18th April 1991 and also April 1991 respectively. (x) 25th April, 1994 : Suit instituted by the plaintiff in this Court. 40. Now, in the context of the above facts, prima facie, as stated hereinabove, acquisition of the proprietary right is different from enforcement of those rights by the plaintiffs. Although both the advocates argued competently, both have more or less emphasized the first aspect more than the question of enforceability of those rights. Prima facie, to my mind, without going into large number of authorities cited by the learned Advocates, the principles governing grant of temporary injunction both under the CPC vide Order 39, Rules 1 and 2 and the Specific Reliefs Act vide Section 38 play a very important role, particularly in the facts of this case. This aspect is also required to be emphasized for one more reason viz., in the present matter, the defendants have already applied for rectification and their application is pending before the Competent Authority under the Act and, therefore, it is not proper for this Court to opine either way on the merits of the question of acquisition of proprietary rights or effect of registration under the Trade Marks

Act. The suit is rightly filed by the plaintiffs because they are the registered proprietors of the trade mark. This position cannot be disputed. However, in the present case, this court is of the opinion that the defendants have made out a strong prima facie case that they have used the mark right from 1985 to the knowledge of the World at large and without any interruption. They have been selling garments through various shops in Bombay and Bangalore. The advertisements issued in foreign Magazines do not prove user of the mark by the plaintiffs in India, particularly when, as stated above, the TIME Magazine which has been produced, indicates its circulation in South-West Pacific countries. Further, the User Agreement of 1st September 1990 between Plaintiff No. 1 and M/s. Corromandel Garments and M/s. Haria Exports prima facie show that the goods were manufactured in India and exported to Canada, but there is no strong reason given why this user of the goods could not have taken place prior to 1st September, 1990. This is important because according to the plaintiffs there were import restrictions, but there were no export restrictions throughout the period commencing from 1955 upto 1st September, 1990. Even with regard to import restrictions there is no clear cut prima facie evidence to show that there were import restrictions all throughout the period in India. There is nothing to show that the goods were banned. 41. There is nothing to show that there was a ban on manufacture of goods in India. Even after filing of the suit, the plaintiffs did not succeed in getting an ad interim injunction and the result is that right from 1985 till today, the defendants have been using the trade mark ARROW in India without any interruption. Even there is no prima facie case to show that the worldwide reputation enjoyed by the plaintiffs in several foreign countries came into India before 1985. This case is required to be seen in the context of pre-globalization, which took place in India only in 1991. We are concerned essentially with the period 1985 when defendants started using the trade mark. It has been vehemently argued that delay is no defence unless it amounts to abandonment. It is also contended that delay cannot be used as a defence, particularly when the defendants have copied the mark. In this connection, I find merit in the contention of the learned counsel for the defendants that priority in use cannot be dishonest. I don't wish to repeat all the principles mentioned hereinabove to show how the right of exclusive use is acquired by user or by registration or by assignment. The important point to be noticed is that the essential test for constituting the property in a trade mark is that it should be used by the proprietor in his business or in connection with his vendible commodity. Delay by itself is no defence, but where by reasons of non user for almost thirty years, the mark loses its distinctiveness or if the trade drops out of its use, or the mark is allowed to die for non user, then certainly delay in the context of the above facts provides a very strong defence for refusing injunction in favour of the plaintiffs. It is well settled that lapse of time may bring about a change in the state of things in such a manner that to grant injunction in favour of the plaintiffs would be harsh and it may cause irreparable damage or harm to the rights of the defendants. 42. In this connection, this Court has to keep in mind the balance of equities. The defendants have been doing their business from 1985. They have been selling goods in Bombay and

in Bangalore. They have large number of employees. Apart from the strong defence put up by the defendants. I also find that the defendants were the first persons to give cease and desist notice. They have applied for rectification/removal of the trade mark on the Register in favour of the plaintiffs and if this Court grants injunction at this stage and if ultimately the defendants succeed in the Rectification Application, then it would be possible to put the clock back. On the other hand, if this Court directs the defendants to give an Account of Profits every year then ends of justice would be met with. It is well settled that even in an infringement action, principles governing injunction under Order 39 Rules 1 and 2 and even under Section 38 of the Specific Relief Act applies and, therefore, in the present case, the plaintiffs were required to prove a prima facie case including balance of convenience and the question of irreparable harm or damage which the plaintiffs are likely to suffer if injunction is refused. 43. As stated hereinabove, this Court is, prima facie, of the view that in the facts and circumstances of this case, the defendants have proved a strong prima facie case in their favour and they are also in a position to pay damages in the event of their loosing the above matter. This is particularly important in the context of the sales turnover which the defendants have submitted to this Court. As stated hereinabove, I do not wish to express my views on the merits of the Rectification Application made by the defendants. All the above observations are in the context of the question as to whether this court should grant injunction or refuse injunction as sought by the plaintiffs, particularly in facts and circumstances of this case and, therefore, none of the above observations are binding on the Competent Authority under the Act before whom the defendants have applied for rectification. Even the statutory illustration given under Section 38 of the Specific Relief Act indicates that in appropriate cases in an infringement action, the Court is entitled to refuse injunction even if the plaintiff claims to be the registered proprietor of the trade mark. Delay, after knowledge of infringement will not deprive a registered proprietor of trade mark of his statutory right to sue for infringement and to obtain appropriate remedies. Delay in filing the suit is not fatal to grant of interim injunction. However, the owners of a trade mark should not adopt a sort of rip van winkle policy of registering their mark and not putting the mark to use for thirty years because effect of delay is on the grant of relief. Delay may effect the nature of relief granted. The Court may refuse interlocutory injunction if the mark is not used for a long period or if the mark has lost its distinctiveness in the Indian market by non user for a long period. The above observations are prima facie observations. Evidence will have to be led ultimately to prove the question of user or non user by the plaintiffs. At this stage, it is repeated that the defendants have made out a strong prima facie case against grant of injunction. It is true that the defendant should have inspected the Register before putting the mark to use in 1985, but as pointed out by the learned counsel for the defendants, the goods were never in use in India and, therefore, user from 1985 by the defendants cannot be treated as dishonest. In the present case, the Order passed by this court is not based on abandonment or acquiescence on the part of the plaintiffs. This order is only based on the footing that user of the mark by

the defendants from 1985 till 1997 has affected the nature of relief and it is for this reason that this Court is not inclined to grant injunction because it would totally disrupt the organized business of the defendants in India. It is true that registration of the mark confers proprietary rights even if the mark is proposed to be used and it is not actually used but if the mark is registered and it is not prima facie used for thirty years, then the Court should be slow in granting injunction. 44. There is no prima facie evidence of user by the plaintiffs in India of the mark ARROW either by affixing the mark on the goods or in relation to the goods of the plaintiffs in India. All the advertisements are post 1991. I am not inclined to rely upon the advertisements of 1980 in TIME Magazine. There is nothing to indicate that TIME Magazine, in 1980, was available on the counter in India. In fact, it is contended by the defendants that TIME Magazine was not available to the public in India during the relevant period. There is no evidence of the reputation of the plaintiff coming to India before 1985. Therefore, taking into account the above facts there is a strong effect of delay on the nature of the relief and I am not inclined to grant injunction in favour of the plaintiffs. At page 462 of Narayanan, it has been stated that delay, apart from acquiescence, may cause change in the subject matter of action or it may bring about state of things where justice cannot give the remedy. Interim injunction is useful provided it is kept flexible and discretionary. It cannot be a subject matter of strict rules. In the present case, we are required to see the facts in the context of the year 1985 and in the context of post globalization which has come to India in 1991. Therefore, the Court is required to give relative weightage to all the facts in a give case. The balance of convenience is also in favour of the defendants. The defendants are also in a position to compensate the plaintiffs in terms of damages and this court is of the view that if injunction is granted at this stage, the defendants would face irreparable hardship. To repeat, they have established an organized business in India right from 1985. They have employed several people. They have been selling goods in Bombay and Bangalore. They have a good turnover. 45. Their Rectification Application is pending even today and in the circumstances if they succeed in the Rectification Application they may suffer irreparable harm and injury if the court was to grant injunction at this state of the matter. This is not a case where a business is about to be started by the defendants. This is a matter where organized business has been there in India right from 1985. 46. The object of the Trade Marks Act is to protect the proprietary right of a registered trade mark holder. However, if the mark is registered and not used for thirty years, depending on the facts, prima facie, it becomes a source of monopoly which is not the object of the Act. Just as the right of customers or the purchasers of the goods are required to be protected so also traders who are in business over a long period of time, cannot be harassed by threat of litigation by registered proprietors, particularly when after registration, they have not used the mark for long period. In the present case, prima facie, I am satisfied that there is no user of the mark in India, particularly when there is no evidence of the date on which the reputation of the mark travelled into India. This again, is only my prima facie observation in the context of the nature of relief which this Court

should grant depending on the facts of the present case. The entire Order is based only on facts of this case. 47. Taking into account all the above facts and circumstances of the case, ends of justice would be subserved if the ad-interim Order of this court is continued. Accordingly, the prayer for injunction sought by the plaintiff is rejected. However, the defendants will maintain an account of profits every year and that shall forward the Account of Profits every year after the end of the Accounting year to the plaintiffs. 48. Accordingly, the Motion is disposed of. However, in the facts and circumstances of the case, there will be no order as to costs.