

Karnataka High Court McDonald'S Corporation Repr. By ... vs Sterling'S Mac Fast Food Repr. By ... on 18 June, 2007 Equivalent citations: ILR 2007 KAR 3346, 2007 (5) KarLJ 638, MIPR 2007 (3) 153 Author: V G Gowda Bench: V G Gowda JUDGMENT V. Gopala Gowda, J. Page 1358

1. This appeal is filed by the unsuccessful plaintiffs in O.S. No. 11413/1998 questioning the correctness of the Judgment and Decree dated 15-10-2004 passed by the trial Court dismissing the suit of the plaintiffs and prayed to set aside the same by allowing this appeal and to decree the suit.
2. For the sake of convenience and brevity, the rank of the parties are referred to as per their rank assigned in the trial Court.
3. For the purpose of appreciating the rival legal contentions and to find-out whether the judgment and decree under appeal warrant interference, the brief facts of the case are set-out as under:
4. i) The first plaintiff is a multi-national corporation of USA and the second plaintiff is its Indian subsidiary. The first plaintiff established its business all over US and many countries in the world. The first plaintiff adopted the trademark "BIG MAC" in 1968 in USA, registered and is being used in several countries in the world. The particulars of foreign registration for the trade mark adopted are furnished in the plaint. The first plaintiff registered its trademarks BIG MAC, Mc Donald's & Corporate logo 'M' in India. The registration in respect of the word BIG was subject to the condition that it will not give exclusive right. However, according to the plaintiffs, the word "MAC" was given exclusive right to them. The first plaintiff is the proprietor of other trademarks with prefix or suffix of Mc/MAC. Several business details are mentioned in the plaint and it is not necessary for me to refer to the same for the purpose of disposal of this appeal.
- ii) It is averred that some time during September 1993 it was brought to the notice of the first plaintiff that the word MAC was prefixed by the defendant to Fast Food in its restaurants in Bangalore with a mala fide intention to trade upon the good-will and reputation of the first plaintiff and its trade mark BIG MAC and Mc/MAC. Therefore, a legal notice dated 21-9-1993 was served upon the defendant through its Attorneys calling upon it to desist from using MAC as its trading style or trade mark in its business. The same was replied by the defendant on 14-10-1993 stating that the trading name of defendant is Sterling's Mac Fast Food and not Mac Fast Food. It was also pointed-out that the same was being used since 1983 and the defendant refused to comply with the demand made in the notice of the first plaintiff. In turn, a rejoinder was sent by the first plaintiff complaining that the word STERLING'S is not visible from front side or finds no mention on Page 1359 some of the items of the defendant. It is averred that even in 1997 also it was learnt that the defendant continued its business in the same trade mark and with a view to avoid unnecessary litigation on 24-10-1997 the attorneys of first appellant requested the defendant to use/write the word Sterling's in bold font equivalent to the words Mac Past Food and to display the same in all prominent places of its business to avoid confusion and deception. Since the defendant turned-down such a request, the plaintiffs filed suit in O.S.No. 11413/1998 with the following main prayers: (a) Permanent Injunction restraining the defendant, its partners, agents, servants, employees, assigns and representatives from in any way using and advertising, directly or indirectly the

word “Mac” as a trademark or part of its trading style or any other name similar thereto in-relation to its business/goods, so as to pass-off or enable others to pass-off the defendant’s business and goods as and for the business and goods of the plaintiffs; (b) Permanent Injunction restraining the defendant, its partners, agents, servants, assigns and representatives from infringing the plaintiffs registered trade-mark/name “McDonald’s” and “Bid Mac” or from using any other name similar thereto as a trademark, business name or trading style or as a part thereof in-relation to its business/goods. (c) An account of profits made by the defendant by its aforesaid illegal and wrongful acts by the use of the mark/name “Mac” and a decree in the amount found due to the plaintiffs upon taking of such accounts, be passed. (d) An order directing the defendant to deliver-up to the plaintiffs on affidavit all goods, sales promotion, literature, stationery and printing blocks in its possession or power bearing the name/mark “Mac” or any other name/mark deceptively similar to the plaintiffs trademark/name “McDonald’s,” “Big Mac” for destruction. (e) Costs of the suit be awarded in-favour of plaintiffs and against the defendant. (f) Further and other reliefs which this Hon’ble court may deem fit and proper in the circumstances of the case. iii) The defendant entered appearance and resisted the suit by filing written statement. It is stated that defendant is a partnership firm commenced on 1/7/1982. Prior to the formation of partnership firm, John Mathew was already running business in Dubai and Doha. The partnership business was mainly started by him and when he decided to open branch in India, he decided to name the same after his son Mac Mathew and therefore the name Sterling Mac Fast Food. It is stated that the trademark of the Page 1360 plaintiffs and the defendant are totally different. It is categorically stated that the defendant is first in point of time to use the word Mac as a single entity and the plaintiffs used the words Big Max and not Mac alone. It is also stated that the name of plaintiffs is McDonald’s and not Mac. In order to establish defendant’s name, it applied for registration of its mark under Section 30 of the Trade and Merchandise Marks Act. On the other hand, it is stated that plaintiffs have no registered trademark for the word Mac and for registration of the same, applied only on 27/9/1996. It is also stated that though 1st plaintiff was aware of defendant’s name in September 1993 when the notice was served the suit was filed in November 1998 after a gap of nearly 5 years. Denying the claim of the plaintiffs, the defendant prayed for dismissal of the suit. (iv) On the basis of the pleadings, the trial Court framed the following issues: 1) Whether the plaintiffs prove that the defendant is illegally using the trademark, business name and trading style of plaintiffs’ in-relation to its business and passing off the goods? 2) Whether plaintiffs prove that the defendant has illegally made profits by infringing the trademark? 3) Whether plaintiffs are entitled for the reliefs sought for? 4) What Decree or Order? The suit went for trial. Parties adduced evidence and produced documents in support of their respective case. Upon appreciation of the material evidence brought on record, the trial Court answered Issues 1 to 3 in the negative and passed the judgment under appeal dismissing the suit with costs. The legality, validity and correctness of the same is questioned in this appeal by the unsuccessful plaintiffs. 4. Heard the learned Counsel for the parties at length and

perused the judgment of the trial Court to answer the rival legal submissions. 5. It is contended by Sri Rana, learned Counsel for the plaintiffs that the findings recorded by the trial Court on the contentious issues are erroneous and error in law. The trial Court failed to apply the law applicable to the fact situation with reference to the Section 29 of the Trade Marks Act. The learned Counsel contended that the trial Judge failed to take into consideration the trade marks right accrued in favour of the plaintiffs. The trial Court erred in not protecting the infringement of trade mark of the plaintiffs. The trial Court failed to take into consideration the documentary evidence, particularly Exs.P-49 to 52, 74, 76, 79, 81 and 82. The learned Counsel relied upon the decisions reported in AIR 1970 SC 1649, JT 1994(2) 70, 1996 PTC (16) 43, 1999 PTC (19) 334, AIR 1990 Delhi 19, 2004 (28) OTC 121 (SC), 56 (1994) DLT 102, in support of the contention regarding infringement of trade mark. He contended that prior registration of trade mark confers exclusive right Page 1361 upon the plaintiffs and the same has to be protected under Section 33 of the Act. He also contended that the name of a person cannot be used as trade mark. The learned Counsel has farther contended that others using same trade mark is no defence. Regarding delay in instituting the suit, reliance is placed upon the decisions reported in JT 1996 (10) SC 822, 1999 PTC (19) 334 and 1998 (1) Arb.L.R 476. Lastly, the learned Counsel prayed to allow the appeal, set aside the judgment of the trial Court and to decree the suit. 6. Mr. Udaya Holla, learned Senior Counsel for the defendant justified the judgment of the trial Court contending that the judgment is passed on proper appreciation of the pleadings and evidence on record and the contentious issues are correctly answered by the trial court against the plaintiffs. Therefore, the dismissal of the suit does not warrant interference by this Court in exercise of its Appellate jurisdiction and power. He has further contended that the right claimed by the plaintiffs is acquiesced of from the date of issuance of notice in the year 1993 but the suit was instituted after a lapse of 5 years. Therefore, the dismissal of the suit by the trial court on the ground of delay and laches is correct. It is further contended that the plaintiffs came to India in the year 1996 but prior to that the defendant established its restaurant and has been using the trademark in its business over a period of 16 years. Therefore, the claim regarding infringement of trademark of the plaintiffs is not tenable in law. In this regard, reliance is placed upon the lease deed and the licence obtained by the defendant. In support of this, the learned Counsel relied upon the decision reported in 1997(6) SCC 1677. 7. The point that would arise for my consideration is, whether defendant has infringed the trademark of the plaintiffs and whether the judgment of the trial Court calls for interference in this Appeal? 8. I have carefully perused the pleadings and the documentary evidence on record with reference to the legal submissions made at the Bar. The trial Court has taken up the Issues 1 to 3 together as they are inter-related answered against the plaintiffs on considering the legal evidence and law on question. The case has been discussed by the learned trial judge from paragraph 9 onwards in the impugned judgment. The trial Court extracted the definitions of "trade mark" in Section 2(1)(v), "deceptively similar" in Section 2(1)(d) and 'registered trademark' in Section 2(1)(r) of Trade and

Merchandise Act, 1958. Section 29 of the Act deals with what is “infringement of trade marks”. It reads thus: 1) A Registered trademark is infringed by a person who not being a registered proprietor of the trade mark or a registered user thereof using by way of permitted use uses in the course of a trade mark which is identical or deceptively similar to the trade mark in-relation to any goods in-respect of which the trade mark is registered and in such manner as render the use of the mark likely to be taken as being used as a trade mark. Page 1362 (2) In an action for infringement of a trade mark registered in part(b) of the Register, an injunction or other relief shall not be granted to the plaintiff if the defendant establishes to the satisfaction of the court that the use of the mark of which the plaintiff complains is not likely to deceive or cause confusion or to be taken as indicating a connection in the course of trade between the goods in-respect of which the trade mark is registered and some person having the right either as registered proprietor or as registered user to use the trademark. Therefore, it cannot be said that defendant has infringed the registered trademark of plaintiffs by using the same in its business. 9. Though the plaintiff adopted its registered trade mark BIG MAC in 1968 in USA, in paragraph 7 of memorandum of appeal it is stated as under: 7. The first appellant is the proprietor in India of other McFamily trade marks having prefix or suffix Mc/MAC and it has also applied for registration and most of them were registered during the pendency of the suit and the trademarks are used in India since October, 1996. From the above, it is clear that the plaintiffs are using their trade marks in India since October 1996. However, in the very next paragraph it is stated as under. 8. The first appellant was given approval on February 15, 1993 by the Government of India to operate a chain of restaurants in India. The second appellant was incorporated and registered with the Registrar of Companies on August 30, 1993 vide (Ex.P-30). It is thus clear that plaintiffs got registered in India in the year 1993 only. On the other hand, the defendant has been carrying on with its business since 1983. Having started business by the plaintiffs much later than the defendant in India, the plaintiffs cannot found fault with the defendant in using its trademark in its business. 10. In paragraph 11 of the memorandum of appeal it is stated by the plaintiffs that in or about September 1993 it was brought to the notice of the first plaintiff that Mac is being used by the defendant as prefix to Fast Food. Therefore, a legal notice was got issued through their attorneys on 21-9-1993 calling upon the defendant to desist from using the word Mac as its trademark name in its business. When the defendant replied pointing-out its trading name is Sterling’s Mac Fast Food and not Mac Fast Food, the plaintiffs by rejoinder dated 16-11-1993 merely stated that the word Sterling’s is not Page 1363 visible. Thereafter, they kept quiet till 1997. It was only on 24-10-1997 the plaintiffs requested the defendant to use/write the word Sterling’s’ in bold font. From this, it is crystal clear that virtually the plaintiffs had no objection for the defendant using the word Mac if the word Sterling’s is written or used in bold letters. 11. Even though the legal notice was got issued to the defendant on 21-9-1993, the plaintiffs were silent until another notice dated 24-10-1997 was got issued. Thereafter, the suit was filed in the year 1998, after a lapse of five years. The suit ought to have been dismissed

by the trial court on the ground of delay and laches. The trial Court has not gone into this aspect as no issue was framed, probably for want of pleading in the written statement filed by the defendant. Be that as it may, the plaintiffs are not entitled to the reliefs sought for by them in the suit on account of their own conduct. Therefore, the trial Court was justified in dismissing the suit and no fault can be found with it. 12. Rightly Mr. Udaya Holla pressed into service in justification of the findings recorded on the contentious issues on the decision (*Amritdhara Pharmacy v. Satya Deo Gupta*) paras 7,11 and 14 which are extracted hereunder: 7. It will be noticed that the words used in sections and relevant for our purpose are “likely to deceive or cause confusion”. The Act does not lay down any criteria for determining what is likely to deceive or cause confusion. Therefore, every case must depend on its own particular facts, and the value of authorities lies not so much in the actual decision as in the tests applied for determining what is likely to deceive or cause confusion. On an application to register, the Registrar or an opponent may object that the trade mark is not registrable by reason of Clause (a) of Section 8, or Sub-section (1) of Section 10, as in this case. In such a case the onus is on the applicant to satisfy the Registrar that the trade mark applied for is not likely to deceive or cause confusion. In cases in which the tribunal considers that there is doubt as to whether deception is likely, the application should be refused. A trade mark is likely to deceive or cause confusion by its resemblance to another already on the Register if it is likely to do so in the course of its legitimate use in a market where the two marks are assumed to be in use by traders in that market. In considering the matter, all the circumstances of the case must be considered. As was observed by Parker, J., in *Re Pianotist Co.’s Application* (1906) 23 RPC 774, which was also a case of the comparison of two words You must take the words. You must judge them, both by their look and by their sound. You must consider the goods to which they are to be applied. You must consider the nature and kind of customer who would be likely to buy those goods. In fact you must consider all Page 1364 the surrounding circumstances; and you must further consider what is likely to happen if each of those trademarks is used in a normal way as a trade mark for the goods of the respective owners of the marks. (p.777) For deceptive resemblance two important questions are: (1) who are the persons whom the resemblance must be likely to deceive or confuse, and (2) what rules of comparison are to be adopted in judging whether such resemblance exists. As to confusion, it is perhaps an appropriate description of the state of mind of a customer who, on seeing a mark thinks that it differs from the mark, on goods which he has previously bought, but is doubtful whether that impression is not due to imperfect recollection. (See *Kerly on Trade Marks*, 8th edition, p.400.) 11. A large number of decisions relating to the use of composite words, such as *Night Cap* and *Red Cap*, *Limit* and *Summit*, *Rito* and *Lito*, *Motrate* and *Filtrate*, etc. were cited in the High Court Some more have been cited before us. Such decisions, examples of deceptive resemblance arising out of contrasted words, have been summarised at pages 429 to 434 in *Kerly on Trade Marks*, 8th Edition. No useful purpose will be served by referring to them all. As we have said earlier, each case must be decided on its own facts.

What degree of resemblance is necessary to deceive or cause confusion must in the nature of things be incapable of definition a priori. 14. We now go to the second question, that of acquiescence. Here again we are in agreement with the Registrar of Trade Marks, who in a paragraph of his order quoted earlier in this judgment has summarised the facts and circumstances on which the plea of acquiescence was based. The matter has been put thus in Halsbury's Laws of England, Vol. 32 (second Edition) pages 656-657, paragraph 966. If a trader allows another person who is acting in good faith to build up a reputation under a trade name or mark to which he has rights, he may lose his right to complain, and may even be debarred from himself using such name or mark. But even long user by another, if fraudulent, does not affect the plaintiff's right to a final injunction; on the other hand prompt warning or action before the defendant has built up any goodwill may materially assist the plaintiff's case. We do not think that there was any fraudulent user by the respondent of his trade name 'Lakshmandhara'. The name was first used in 1923 in a small way in Uttar Pradesh. Later it was more extensively used and in the same journals the two trade marks were published. The finding of the Registrar is that the appellant and its agents were well aware of the advertisements of the respondent and the appellant stood by and allowed the respondent to develop his business till it grew from a small beginning in 1923 to an annual turnover of Rs. 43,000/- in 1949. These circumstances establish the plea of acquiescence and Page 1365 bring the case within Sub-section (2) of Section 10, and in view of the admission made on behalf of the respondent that his goods were sold mainly in Uttar Pradesh, the Registrar was right in imposing the limitation which he imposed. 13. The user of trademark by the defendant since a long time is not in dispute. Therefore para 19 of the decision (London Rubber Co., Ltd. v. Durex Products Incorporated and Anr.) cited by the learned Sr. counsel is applicable in all fours and the same is extracted hereunder: 19. The next question for consideration is whether the High Court and the Deputy Registrar were right in coming to the conclusion that there was honest concurrent use of the mark by the respondent. In the High Court Mr. S. Chaudhuri who appeared for the present appellant conceded that there was honest use in this case but there was no concurrent use within the meaning of Section 10(2). The burden of his argument on this point was regarding the volume of the use. Mr. Pathak has confined his argument likewise. Evidence was led in this case on behalf of the respondent for establishing the volume of use of the mark in India. That evidence was accepted by the Deputy Registrar. One piece of evidence consisted of an affidavit sworn by Florence S. Goodwin, who is the President of Durex Products, Inc. There amongst other things, she has stated: "Your deponent knows that Durex Products, Incorporated has done a substantial business in India since 1930." P.B. Mukharji J., who was one of the Judges constituting the Bench which heard the case has described that statement as "dependable evidence" on which he was prepared to rely and act. He also accepted other affidavits filed in the case as well as the opinion of the Deputy Registrar on the point and then observed: The question of volume of use is always a relevant question in considering 'honest concurrent use' under Section 10(2) of the Act. It depends on the facts of each

case. There is no express statutory emphasis that the use should be large and substantial. Kerly at page 235 of the 7th edition on Trade Marks quotes *Re: Lyle and Kinahan Ltd.'s Application* (1907) 24 RPC 249 and other cases for the proposition that it is not necessary for the applicant's trade to be larger than that of the opponent. My own opinion is that the use has to be a business use. It has to be a commercial use. It certainly will not do if there is only a stray use. After pointing out that it is not possible to lay down a hard and fast rule on the volume of use necessary under Sub-section (2) of Section 10, he gave a pertinent illustration of a small trader who sold goods under a particular trade mark for a long time though his use or sales were small in comparison with big international traders dealing in similar goods bearing a similar trade mark and then observed: Even so, if there is honest concurrent use I should think the small trader is entitled to protection of his trade mark. Page 1366 Trade mark is a kind of property and is entitled to protection under the law, irrespective of its value in money so long as it has some business or commercial value. Not merely the interest of the public but also the interest of the owner are the subject and concern of trade marks legislation. With respect, we agree with the learned Judge that in ascertaining the volume of the use it is relevant to consider the capacity of the applicant to market his goods and whether the use was commercial or of other kind. The other learned Judge, Jachawat J., observed: On the materials on the record I am satisfied that the use has been substantial as stated in the affidavit of Florence S. Goodwin. 14. In the decision (*Vishnudas Trading As Vishnudas Kishendas v. Vazir Sultan Tobacco Co. Ltd. Hyderabad and Anr.*) at para 44 and relevant portion at 47 it is held as hereunder. 44. After giving our careful consideration to the facts and circumstances of the case and submissions made by the learned Counsel for the parties, it appears to us that the avowed object of the Trade Marks Act as indicated in the Statement of Objects and Reasons is "to enlarge the field of registrability". In these appeals, the propriety and validity of the order of rectification are only germane. It is not necessary to address the questions relating to infringement of trade mark or passing off or defensive registration because such questions do not arise for decisions. There is no dispute that Respondent 1 company has been manufacturing cigarettes under the brand name "Charminar" since 1943. In 1942 and 1955, the said Company got registration of the said brand name "Charminar" for the goods being classified as "manufactured tobacco" in Class 34 of Fourth Schedule in the Rules framed under the Trade Marks Act. It is also not disputed that the expression "Charminar" is not an inventive word which is the condition precedent for defensive registration under Section 47 of the Trade Marks Act (Section 38 of the Trade Marks Act of 1940). No evidence has been led by the respondent Company that the respondent Company had really intended or even now intends to manufacture any other product of tobacco other than cigarettes. It will be appropriate to refer to Class 34 of Fourth Schedule which is to the following effect: 34. Tobacco raw or manufactured, smokers' articles, matches. 47. ... In our view, if a trader or manufacturer actually trades in or manufactures only one or some of the articles coming under a broad classification and such trader or manufacturer has no bonafide intention to trade in or manufacture

other goods or articles which also fall under the said broad classification, such trader or manufacturer should not be permitted to enjoy monopoly in respect of Page 1367 all the articles which may come under such broad classification and by that process preclude the other traders or manufacturers from getting registration of separate and distinct goods which may also be grouped under the broad classification. If registration has been given generally in respect of all the articles coming under the broad classification and if it is established that the trader or manufacturer who got such registration had not intended to use any other article except the articles being used by such trader or manufacturer, the registration of such trader is liable to be rectified by limiting the ambit of registration and confining such registration to the specific article or articles which really concern the trader or manufacturer enjoying the registration made in his favour. In our view, if rectification in such circumstances is not allowed, the trader or manufacturer by virtue of earlier registration will be permitted to enjoy the mischief of trafficking in trade mark. . . . Therefore the plaintiffs cannot claim exclusive right to trade with their trade mark 'Mac'. 15. It is also pertinent to note that the admitted position is, plaintiffs grievance is only against using the word MAC by the defendant. But, it is admitted by the plaintiffs that most of the trade marks were registered during the pendency of the suit and the trade marks are used in India since October 1996, as is evident from paragraph 7 of memorandum of appeal. This being the admitted facts, plaintiffs cannot claim exclusive right on the defendants trade mark. Since defendant has been using its trade mark since 1983, plaintiffs cannot have any grievance against it. The suit filed by the plaintiffs is imaginary and vexatious. The trial Court is justified in dismissing the suit with costs. 16. I have perused the prayers made in the suit, which are extracted earlier. Plaintiffs have not instituted the suit seeking a declaration regarding their trade mark. The suit was instituted inter-alia seeking injunction against the defendant from using the word 'Mac' as its trademark. As already noted, plaintiffs cannot claim exclusive trademark right on the said word as it is not their exclusive registered trademark. Therefore, question of defendant infringing the so-called trademark of the plaintiffs as pleaded by them does not arise. 17. Prayer (c) made in the plaint is very peculiar. In this, the plaintiffs want an account of profits made by the defendant by illegally using the mark/name "Mac" and to pass a decree on the amount found due to the plaintiffs. How the Court can furnish account of alleged profits made by the defendants by the user of word Mac? The Court is not requested to direct the defendant to furnish the so-called account. The relief as sought is to the effect that the Court shall grant account of profits made by the defendant. This is a strange prayer which cannot be granted by the Court. 18. Even prayer (d) is some-what peculiar. In this, a direction is sought to the defendant to deliver-up to the plaintiffs on affidavit all goods, sales Page 1368 promotion, literature, stationery and printing blocks in its possession etc., for destruction. Delivery of these things or items are sought on Affidavit for destruction. Delivery of possession of the same is not sought Plaintiffs have no right to make such a prayer. 19. The prayers made in the suit are imaginary and speculative. On the face of the prayers made, the suit was not maintainable. 20. Since there is

no merit in the plaintiffs claim, the decisions relied upon by the learned Counsel are of no assistance to the plaintiffs. While subscribing my own views in this judgment, I concur with the findings and reasons recorded by the trial Court on the contentious issues. No ground is made-out by the plaintiffs for interference with the impugned judgment and Decree. The appeal is devoid of merits and liable to be dismissed. 21. Accordingly, the appeal is dismissed with costs of Rs. 5,000/-.