

Karnataka High Court Kirloskar Proprietary Ltd. And ... vs Kirloskar Dimensions Pvt. Ltd. ... on 14 June, 1996 Equivalent citations: AIR 1997 Kant 1, 1999 96 CompCas 726 Kar, ILR 1996 KAR 2957, 1996 (5) KarLJ 446 Bench: Chandrashekaraiah JUDGMENT 1. This appeal is against the order dated 11-11-1994 passed by the 13th Additional City Civil Judge, Bangalore, on IA-A in OS No. 971/1993. 2. The parties will be referred to in the course of this judgment as they are arrayed before the trial Court. 3. The plaintiffs have filed the suit for permanent injunction restraining the defendants from using the word "KIRLOSKAR" as part of the first defendant's corporate name and/trading so as to pass off or enable others to pass off the first defendant's goods and/or business as that of the plaintiffs or in some what connected with the plaintiffs and the Kirloskar group of Companies and for damages. In the said suit the plaintiffs have filed an application seeking for temporary injunction restraining the defendants, by themselves, their agents, and/or any other person claiming under them or through, between, or any of the public from using the word "Kirloskar" as part of the 1st defendant's corporate name and/or trading style so as to pass off or enable others to pass off the first defendant's goods and or business as that of the plaintiffs or in the same way connected with the plaintiffs pending disposal of the suit. The defendants resisted the said application. After hearing both the parties, the trial Court by its order dated 11-11-1994 dismissed the application on IA-I filed by the plaintiffs. Aggrieved by the said order the plaintiffs have preferred this appeal. 4. The facts leading to this appeal are:- The plaintiffs-1, 3 and 4 are the Companies incorporated under the Companies Act, 1956 (for short 'the Act, 1956) and plaintiffs-2, 5 and 6 are existing companies within the meaning of Section 3 of the Companies Act. The plaintiffs belong to the well known Kirloskar group of Companies. The word 'Kirloskar' forms part of the corporate name of each of the plaintiffs. Plaintiff No. 1 is the registered and recorded holder of the various trade marks as stated in Annexure-1. The said trade marks are the properties of the plaintiff-1 Company. Plaintiff-1 is also the recorded holder of the artistic word "Kirloskar" in English (two different artistic words) Hindi and Marathi and the same are registered under the Copyright Act, 1957. Plaintiffs-2, 5 and 6 are the licencees and registered users of the various trade marks held, possessed and owned by plaintiff-1 and the said licencees are used in the said trade marks in relation to the products manufactured and marked by them. The further case of the plaintiff is that the word "Kirloskar" forms integral part of the corporate name of the plaintiffs and all other Kirloskar group of Companies. In the year 1691 the erstwhile State of Savantwadi granted the rights of "Mahajan", "Gaokar" and "Kulkarni" of the places of "Kirloisi" in Malvan taluka to the one Mr. Krishna Bhat. Since then the surname Konar was changed to Kirloskar. One Mr. Lakshman Rao Kashinath Kirloskar the founder of the group commenced business of bicycle repairs on a small scale in the year 1888 along with his elder brother Ramuanna at Belgaum. They had shifted to Kundal in the erstwhile Aundh State. The name of Kundal was later on changed as Kirloskarwadi as the activities of the founder of the Kirloskar group of Companies and their business were located in Kundal. The change of name showed the reputation acquired by the founders and the association of Kirloskar

with the business of the said founders. In 1920, the Kirloskar group converted their business into a public limited Company when public share'olders came into being. It was manufacturing fodder cutters and iron ploughs initially and in course of time the business was expanded to other diverse business. 5. According to the plaintiffs, the word "Kirloskar" expressed on any particular product connotes and denotes distinct reputation and eminence and goodwill associated with the quality of products manufactured, marketed and serviced and otherwise dealt with by the plaintiffs. The trade mark "Kirloskar" was registered under the, Trade Marks and Merchandise Marks Act, 1958 (for short the 'Act of 1958') and the said trade mark has been renewed from time to time and continued to be the exclusive property of plaintiff-1. The plaintiffs have about 21 Companies in their group which used the word "Kirloskar" and they are carrying on their respective business in India and abroad. Defendant-3 in the past was associated with certain Kirloskar group of Companies in several capacities. He started as an employee in one or more of the plaintiffs group. Later on he also became a Director of the number of plaintiffs group of Companies, that is, the Mysore Kirloskar Ltd., Kirloskar Systems Ltd., Kirloskar Electric Company Ltd. As such he was aware of the ownership as well as the rights of the registered user of the plaintiffs of the above trade marks, trade name as well as the copyrights owned and possessed by plaintiff-1 and its group. It is therefore clear that defendant-1 to 5 wrongfully and fraudulently want to utilise the name and reputation attached to the word "Kirloskar" without having any rights thereto and in spite of the above knowledge. One of the objects of Kirloskar Electric "Company Ltd. i.e., plaintiff-2 as set out in the memorandum of association is to establish a business relating to computers of all kinds and descriptions, computer components, computer peripherals, micro processors, PCBs relays of types Winchester drivers, tape drives, key boards and switches, modems and multi plaxes etc. One of the objects of the 1st defendant Company is also relating to starting of business in computers study, filming, video equipment, films, videos and all such other business connected with computer programmes for exhibition of films in general. According to the plaintiffs, the objects referred to above show that even a bare perusal of the objects clause set out unmistakably pinpoint the resemblance, similarity, identity of the objects which cannot be attributed to mere co-existence. The said objects give at least a broad idea as to the fields in which defendant-1 Company intends to venture for its business. 6. It is pleaded by the plaintiffs in their plaint that the purpose and intent of the defendants in adopting the word "Kirloskar" as part of the corporate name is to encash on the name, fame, reputation and image and goodwill of Kirloskar group of Companies which have built up assiduously over the last 100 years, by deceiving the public inclusive of the consumer class by employing a name which is deceptively similar, identical with or too nearly resembles the name Kirloskar in the name by which the Companies in existence have been previously registered under the Companies Act, 1956. An innocent consumer is bound to be mislead by this deceptively similar expression "Kirloskar" used in the corporate name of defendant-1. In the entirety of facts and circumstances obtainable in the present case as also in the wake of objections available in the

present case, incorporation of defendant-I Company by using the word 'Kirloskar' without seeking prior concurrence/approval/permission of defendant-1 Company amounts to "passing off" action on the part of the defendants with a manifest intention to commit a fraud to mislead innocent and gullible consumer by unfair and dishonest user of the trade mark and the artistic word 'Kirloskar'. The situation pinpoints to the wilful mala fide indulgence on the part of the defendants of suggestio falsi and suppressio veri which amounts to fraud in law. Even if the defendants have no intention to practice fraud or misrepresentation the effect of the defendants activities do mislead the consumers and create confusion. The plaintiffs submit that they are the owners of the trade mark 'Kirloskar'. The defendants are trying to encash on the goodwill and reputation although the defendants have no connection with the Kirloskar group of companies. It is the further ease of the plaintiffs that the name chosen by the defendants is calculated to deceive the members of the public deliberately and intentionally, with a view to trade upon and encash on the name, fame, reputation, image and goodwill acquired by the plaintiffs who constitute the well known Kirloskar group of companies. It is stated that the members of the public have gained an impression that the Kirloskar group of companies do carry on various types of business: Any business which may be carried out by defendant I is bound to cause confusion and/or likely to cause confusion in the minds of the public as being the business of the Kirloskar group of Companies and the public is likely to believe and/or confuse that such business or the business of the plaintiffs and the Kirloskar group of companies. Although every person may have a right to carry on business in his own name, yet he has no right to incorporate his surname to pass off or enable others to pass off his goods of his Company as if the business or goods of another or as in some way connected with that of other company. The word "Kirloskar" is associated exclusively with the plaintiffs. Hence the intention of defendant is not honest in adopting the word Kirloskar as pan of the corporate name of defendant-1. On these pleadings the plaintiffs prayed for a decree for permanent injunction. 7. The defendants have filed their Written statement contending that the first defendant-Company is incorporated under the Companies Act, 1956 as a private limited company on 16-2-1990 having its registered office at Bangalore. The main business in which the defendant/respondent Company is engaged includes in production of computers, generated animations, graphics, technical slides and corporate training video films, sophisticated computers are used to produce animations and slides and parts of the video film. Without detail interaction between the potential customer and defendant-Company no business can materialise, which may take weeks or sometimes even months. The defendant Company is one of the few Companies in Bangalore engaged in this type of business. None of the plaintiffs or their group of Companies is engaged in this kind of business. It is stated that the trade marks that is granted by the authorities under the Act of 1958 can be granted for a product or class of products only. To get a blanket permission under the said Act is not permissible as the Act, itself does not contemplate it. The claim of the plaintiffs to have a right over the name "Kirloskar" is unsustainable. It is submitted that for the plaintiffs to have a

blanket right over the name “Kirloskar” in all classes of goods specified under the Act of 1958 is unsustainable. It is further submitted that for the plaintiffs to have any such right, it must have applied under all the various classes specified under the Act. 8. It is the case of the defendant that the plaintiffs used the word “Kirloskar” in a stylish manner on which it may have the necessary protection under the Act, of 1958. The defendant does not use the word “Kirloskar” in its Company name in the stylish manner as used by the plaintiffs. The defendant’s further case is that the plaintiffs having acquiesced and waived such rights as they had in the situation are also estopped from seeking any relief. The plaintiffs and Kirloskar Systems Ltd., and Mysore Kirloskar Ltd., have been aware of the incorporation, existence and functioning of the first defendant Company, and in fact have a transaction with it. The plaintiffs, having allowed the first defendant to function without arising any objection to the incorporation and to the name in which it has been carrying on its business it is not permissible for them to seek the relief against the first defendant at the end of approximately three years. In any event they have no legal basis to see this relief either now or earlier. It is stated in the written statement that the plaintiffs are made to give the deliberate impression that defendants-2 and 3 are the outsiders who are merely attempting to use the name “Kirloskar” without stating the correct fact, namely, that they are also the direct descendants of Mr. Lakshman Kirloskar which the plaintiffs now claim to be the trade mark and they are using the word “Kirloskar” as part of their trade name. Defendants are only using their own name to which they are entitled. The deliberate suppression of this vital factor is done with a mala fide intention and constitute unclean conduct on the part of the plaintiffs. The name “Kirloskar” is not synonymous with the Kirloskar group of companies. The goodwill the plaintiffs claim to enjoy is a matter of debate and question. The use of the word “Kirloskar” cannot be the exclusive domain of the plaintiffs’ company. It is stated that defendant-2 is the promoter of defendant-1, is also a direct descendant of the person who founded one of the plaintiffs’ Companies and therefore he has an equal right to use the name as the plaintiffs have. The defendants in their written statement denied that there was any fraudulent motive for the defendant-2 in association with defendant-3, 4 and 5 in setting up defendant-1. It is stated that plaintiffs have failed to state which is the consumer class affected by the business of these defendants. There is no attempt on the part of the defendants to pass off their goods or services as that of any of the plaintiffs as the defendant are engaged in a line of activity in which the plaintiffs are not engaged. There can be therefore no cause of action for any confusion in any of one’s mind. The defendants have not made any attempt to encash on the goodwill and reputation of the plaintiffs or their trade mark or copyright as the defendants have not been using any of them at any time. 9. The further case of the defendants is that long prior to the filing of the suit the Mysore Kirloskar Ltd., had transactions with the first defendant. This circumstance clearly show that there is delay in approaching this Court. The transaction entered into by Mysore Kirloskar Ltd., with that of the defendant required series of meeting and discussions in which the Mysore Kirloskar Ltd., was represented by the Managing Director Mr. Vikram Kirloskar and other of-

ficials. Even before placing the order Mr. Vikram Kirioskar who is of the same family as that of defendants-2 and 3 had full knowledge of the incorporation of the first defendant and its operations. It is further necessary to mention that the 1st defendant had business dealings with the Kirioskar Systems Ltd., in Sept. 1990 and Mysore Kirioskar Ltd., in Sept. 1991. The said facts show that the plaintiffs had the knowledge of the incorporation of the first defendant Company. Hence, there is a delay in approaching the Court for the relief as prayed for in the plaint. 10. Considering the above said pleadings the trial court declined to grant an order of temporary injunction in favour of the plaintiffs. Hence, this appeal by the plaintiffs. 11. It is contended on behalf of the plaintiffs that the trial Court committed an error in refusing to grant an order of temporary injunction on the ground that the plaintiffs have not made out a prima facie case by producing materials to show that the defendants are passing off their goods as the goods of the plaintiffs group of Companies fraudulently with an intention to affect the credit, goodwill and reputation of the plaintiffs and further committed an error in holding that there is no confusion in the minds of the public that the services rendered by defendant-1 Company as being the business of Kirioskar group of Companies. 12. In support of this contention Sri Veerendra Tulzapurkar, learned counsel for the appellants/plaintiffs submitted that the trial Court has held that the plaintiffs group of companies have reputation in their field of business and having held so, the trial Court ought not to have held that the plaintiffs have not made out a prima facie case on the ground that the plaintiffs have not produced any material to show that the defendants with fraudulent intention are using the word "Kirloskar" as a part of the corporate name and thereby passing off their goods as the goods of the plaintiffs group of companies. 13. The learned counsel further submitted that in a passing off action it is not necessary for the plaintiffs to prove the fraudulent intention on the part of the defendants in order to seek relief of temporary injunction. Therefore, according to him, the trial Court was not right in holding that the plaintiffs have not made out a prima facie case. 14. The learned counsel for the plaintiffs further contended that the trial Court having come to the conclusion that the plaintiffs have established their reputation or goodwill in their business and trade, ought not have held that the plaintiffs have not established the fraudulent intention on the part of the defendants, since in a law of passing off action the plaintiffs need not establish fraudulent intention on the part of the defendants. In support of the above contentions he relied upon a passage from the book on Trade Marks and Trade Names by Kerly, 12th Edition, which reads as follows:- "Passing-off cases are often cases of deliberate and intentional misrepresentation, but it is well settled that fraud is not a necessary element of the right of action, and the absence of an intention to deceive is not a defence. Moreover, literal truth is not necessarily innocent of misrepresentation." 15. In reply to the said contention Sri S.G. Sundarswamy, learned senior counsel for the defendants submitted that the plaintiffs are making out a new case that the requirement of proof of fraudulent intention is not necessary in a passing-off action though it is not pleaded in the plaint. It is the submission of the counsel for the defendants that the plaintiffs having not produced sufficient materials

before the Court to show that the defendants are passing off their business or trade representing the same as that of the plaintiffs, the Court below was right in refusing to grant an order of temporary injunction in favour of the plaintiffs. It is also contended that the fraudulent intention on the part of the defendants is a necessary ingredient to be established by the plaintiffs in a passing off action without which there cannot be any order of temporary injunction preventing the defendants from carrying on their business or trade. 16. Before considering the rival contentions, I propose to consider the point raised by Sri S.G. Sundar-swamy, learned senior counsel for the defendants that the plaintiffs are making out a new case for the first time in the appeal even though the plaintiffs have not pleaded in their plaint that fraudulent intention is a necessary ingredient to be established in a passing off action and it shall not be allowed to be raised for the first time in the appeal. It is the duty of the Court to apply the law on the basis of the facts pleaded. 17. In the instant case, plaintiffs have specifically pleaded that the name “Kirloskar” chosen by the defendants is calculated to deceive the members of the public deliberately and intentionally with a view to trade upon and encash on the name, fame, reputation, image and goodwill acquired by the plaintiffs who constitute the well known Kirloskar group of Companies. In view of this specific plea pleaded by the plaintiffs what is required to be established is whether the plaintiffs Company has acquired reputation or goodwill in their trade or business. 18. In order to grant or refuse to grant temporary injunction, three factors have to be kept in view- (i) Whether the plaintiffs have established a prima facie case; (ii) Whether the balance of convenience lies in favour of the plaintiffs; and (iii) If temporary injunction is not granted it will cause irreparable loss and injury to the plaintiffs; 19. The suit is for an action in passing-off. The wrong of passing-off consists in, no man is entitled to represent his goods or business as being the goods of another. The wrong of passing-off is to prevent unfair trading activities. Lord Morris observed thus:- “trading must not only be honest but must not even unintentionally be unfair.” 20. The advocate for the plaintiffs in support of the contentions raised, brought to my notice a passage from the book on Trade Marks and Trade Names; by Kerly, 12th edition which reads as follows:- “Passing-off cases are often cases of deliberate and intentional misrepresentation, but it is well settled that fraud is not a necessary element of the right of action, and the absence of an intention to deceive is not a defence. Moreover, literal truth is not necessarily innocent of misrepresentation.” 21. The learned counsel also cited a decision in the case of Parker Knoll Ltd. v. Knoll International Ltd. 1962 RPC 265 wherein it is held as follows:- “It is an action based on false representation and that axiom leads to three comments pertinent to the present case. The first is that the falsity of a representation does not depend (at any rate in the absence of fraud) on the meaning which the maker of the representation intended or believed it to have or upon the construction which the Court itself puts upon it, but upon the way in which it would be reasonably understood by the persons to whom it is addressed. In this respect there is no difference between the law in passing-off actions and the law in any other action based on misrepresentation. It has been said several times in the course of the argument that if a man says only that

he has manufactured the goods when in fact he has, he is telling the truth and so cannot be guilty of misrepresentation. Buckley, L.J. in his proposition gave the answer to that when he said: "He cannot rely on the fact that his statement is literally and accurately true, if, notwithstanding its truth, it carries with it a false representation." It is literally truthful for the appellants to say that their furniture is manufactured by Knoll International, but if that statement conveys to a member of the public that the furniture is manufactured by Parker-Knoll or some company connected with Parker-Knoll, it is a false representation." The learned counsel further relied upon a decision in the case of *Ruston and Hornby Ltd. v. Zamindara Engineering Co.*, wherein it is held as follows (at pp 1650-51 of AIR):- "6. The action for infringement is a statutory right. It is dependent upon the validity of the registration and subject to other restrictions laid down in Sections 30, 34 and 35 of the Act. On the other hand the gist of a passing off action is that A is not entitled to represent his goods as the goods of B but it is not necessary for B to prove that A did this knowingly or with any intent to deceive. It is enough that the get-up of B's goods has become distinctive of them and there is a probability of confusion between them and the goods of A. No case of actual deception nor any actual damage need be proved. At common law the action was not maintainable unless there had been fraud on A's part. In equity, however, Lord Cottenham L.C. in *Millington v. Fox* (1838) 3 My & Cr 338 held that it was immaterial whether the defendant had been fraudulent or not in using the plaintiff's trade mark and granted an injunction accordingly. The common law courts, however, adhered to their view that fraud was necessary until the Judicature Acts, by fusing law and equity gave the equitable rule the victory over the common law rule." 22. Relying upon the above said decisions it is contended on behalf of the plaintiffs that fraudulent intention need not be proved once reputation is established. Further it is contended that the trial Court having recorded a finding that the plaintiffs group of Companies have reputation in the business field ought to have granted an injunction even though fraudulent intention on the part of the defendants has not been established or proved. The learned counsel for the plaintiffs submitted that they have established reputation to such an extent that the word "Kirloskar" either as a trade mark or as a part of the trade name of the plaintiffs and the said word has become almost household word and under which, trade name variety of activities are undertaken. The plaintiffs group of Companies are carrying on various business and are engaged in diverse activities. The word "Kirloskar" is also a part of the corporate name of the first defendant. In order to maintain an action in passing-off the reputation or goodwill is required to be established by the plaintiffs. 23. A perusal of the order of the trial Court shows that the trial Court has recorded a finding regarding reputation which reads as follows:- "It is true that the plaintiffs group of Companies have reputation in the business field." In view of the said finding, I propose to consider whether the plaintiffs are further required to prove the fraudulent intention on the part of the defendants. Considering the decisions cited by the learned counsel for the plaintiffs and that of the law relating to an action in passing-off, I am of the view, that once reputation has been established plaintiffs need not establish

the fraudulent intention or misrepresentation in an action for passing off. Therefore, I hold that once reputation is established by the plaintiffs, there is no further proof of fraudulent intention on the part of the defendants required to be proved or established. 24. It is contended on behalf of the plaintiffs that the word “Kirloskar” has earned reputation in the field of trade and business and has acquired a secondary meaning. It is an admitted fact that some of the plaintiffs and defendants-2 and 3 are also the direct descendants of late Sri Lakshman Rao Kashinath Kirloskar. It is submitted for the plaintiffs that the word “Kirloskar” which is a part of the corporate name of the plaintiffs has earned reputation and if the defendants are also allowed to use the word “Kirloskar” as part of their corporate name it would virtually cause injury to the reputation of the plaintiffs’ business and trade. 25. In reply to the said contention the counsel for the defendants submitted that the incorporation of the word “Kirloskar” as part of the first defendant name is bona fide and under Section 14 of the Trade Marks Act, the appellants are entitled to use the name “Kirloskar” since the defendants are also the direct descendants of late Lakshman Rao Kashinath Kirloskar. 26. In order to consider the rival contention, on this point, it is necessary to refer to Section 34 of the Act of 1958 which reads as follows:- “Nothing in this Act, shall entitle the proprietor or a registered user of a registered trade mark to interfere with any bona fide use by a person of his own name or that of his place of business or of the name of the place of business, of any of his predecessors in business, or the use by any such person of any bona fide description of the character or quality of his goods.” Section 27 of the Act, of 1958 reads as follows:- “(1) No person shall be entitled to institute any proceedings to prevent, or to recover damages for, the infringement of an unregistered trade mark; (2) Nothing in this Act shall be deemed to affect the rights of action against any person for passing-off for goods as the goods of another person or the remedies in respect thereof.” 27. Relying upon the aforesaid provisions, it was contended by the counsel for the plaintiffs that Section 34 of the Act of 1958 has no application in respect of an artificial person like an incorporated company and alternatively it was further contended that even if it is so applicable, in view of Section 27(2) of the Act of 1958, it does not prevent the plaintiffs to maintain an action for passing-off. A reading of Section 34 aforesaid, it is clear to my mind that this section which is a saving for use of name, has no application to an artificial person such as an incorporated company. The Bombay High Court in its unreported Judgment in the case of (Kirloskar Diesel Recon Pvt. Ltd. v. Kirloskar Proprietary Ltd. (Appeal from Order Nos. 1152 to 1154 of 1994, decided on 10-10-1995) (since Reported in ) relying upon the following Judgments such as (at p. 165)- “(1) Bhandari Homeopathic Laboratories v. L.R. Bhandari (Homeopatics) Pvt. Ltd. (1976 Tax LR 1382). (2) KG Khosla Compressors Ltd. v. M/s. Khosla Extraktions Ltd., . (3) Sarabhai International Ltd. v. Sara Exports International (1987) PC 269 : (AIR 1988 Delhi 134).” has held that in case of incorporated Company the adoption of the name is by choice whereas in the case of a natural person, the adoption of surname is not by choice and further held, the defence that a man has a right to use his personal name is not available in passing-off action. I am in full agree-



ment with the view taken by the Bombay High Court as stated above. Hence, there is no substance in the argument advanced on behalf of the counsel for the defendants. 28. For the reasons stated above, I hold that the plaintiffs have made out a prima facie case and the trial court was not right in holding that the plaintiffs have not made out a prima facie case. 29. It is necessary to consider that though the plaintiffs have made out a prima facie case, are they entitled for an order of temporary injunction considering the balance of convenience and that of irreparable loss and injury. 30. As stated earlier in order to get an order of temporary injunction, the Court exercising its equity jurisdiction must satisfy itself that the plaintiffs apart from making out a prima facie case is required to satisfy whether the balance of convenience lies in their favour and show in the event of refusing to grant an order of temporary injunction they will be put to irreparable loss and injury. Hence, I proceed to consider whether the balance of convenience lies in favour of the plaintiffs and if so would the plaintiffs be put to any irreparable loss and injury in the event of refusing to grant an order of temporary injunction in their favour. 31. The defendants pleaded in their written statement that the 1st defendant Company is engaged in production of computer generation animations, graphics, technical slides, and corporate and training video films. Further, it is also stated that none of the plaintiffs or their group of companies is engaged in this kind of business. The defendants have further stated that there is no attempt on the part of the defendants to pass off their goods or services as that of any of the plaintiffs, as the defendants are engaged in a line of activity in which the plaintiffs are not engaged. Admittedly the plaintiffs and the defendants are not engaged in a common field of activity. The services of the defendants as submitted by the counsel for the defendants are not rightly available, in other words, one has to place orders with the defendants giving its requirement and thereafter, after a lot of inter action a story board is prepared and after the approval of the story board a tailor-made video film or animation is created. 32. The defendants have already established their business from the date when the first defendant-company incorporated under the Companies Act i.e., from 16-2-1990. It is an admitted fact that the first defendant had dealings with Kirloskar Systems Ltd., in Sept. 1990 and Mysore Kirloskar Ltd., in Sept. 1991. Defendants have produced a copy of the letter dated 22-9-1992 written by Vikram Kirloskar Managing Director of the Mysore Kirloskar Ltd., addressed to Mr. Sukumar R. Kirloskar congratulating him on his new enterprise and another letter dated 7-10-1992 of third defendant addressed to Vikram Kirloskar wherein he has thanked for the letter dated 22-9-1992 enclosing a write up of Kirloskar Multi-Media Ltd., to give him an idea of what the new Company would propose to engage in the business. The defendants also produced a copy of the letter dated 7-12-1992 from Sri Ajay S. Kirloskar, Director of defendant-1 Company addressed to Vikram Kirloskar of the Mysore Kirloskar Ltd., wherein the contents of the letter show that he has enclosed a copy of the letter received from Kirloskar Properties Ltd., and he will meet him to discuss the completion of their corporate video film. The receipt of the said letter was acknowledged by the Mysore Kirloskar Ltd., on 7-8-1992. These correspondences clearly show that the plaintiffs were aware of

the fact of incorporation of the 1st defendant Company in the year 1990 itself. After the incorporation of the 1st defendant Company the Mysore Kirloskar Ltd., entrusted certain work to the 1st defendant-Company and got the work done and paid the entire price money to the 1st defendant-Company. The contention of the plaintiffs, that the Mysore Kirloskar entrusted certain work to the 1st defendant-Company thinking the first defendant-Company as also one of the corporate Companies of the plaintiffs cannot be accepted at this stage in view of the above admitted correspondence between plaintiffs and defendants. Therefore, there is no reason to believe that the plaintiffs had no knowledge of the incorporation of the 1st defendant Company and they came to know only during the month of June 1992 when they received the letter dated 28-5-1992 from their Trade Mark Attorney M/s. De Penning & De Penning notifying the existence of the defendant Company. 33. The learned counsel for the plaintiffs cited an unreported decision of the Bombay High Court in *Kirloskar Diesel Recon Pvt. Ltd. v. Kirloskar Proprietary Ltd.* decided on 10-10-1995 in Appeal Nos. 1152, 1153 and 1154/1994 (since ), in order to show that on similar facts the Bombay High Court confirmed the order of temporary injunction granted in favour of the plaintiffs in the said proceedings. No doubt the facts involved in this case are almost similar to the facts involved in the abovesaid cases except to the extent that the Companies against whom the suits were filed in the Court of III Addl. District Judge, Pune, have not commenced their business activities, when in fact 1st defendant's Company in this case has in fact commenced its business ever since from the date of the incorporation. 34. In order to consider the balance of convenience and the damage it is necessary to consider the facts relating to acquiescence, delay and that of confusion that may be created in the minds of the public in order to ascertain the damage that may be caused to the plaintiffs. The trial Court considering the correspondence between the Mysore Kirloskar and that of the Kirloskar Systems Ltd., with that of the 1st defendant-Company has recorded a finding that the plaintiffs are aware of the incorporation of the 1st defendant-Company. It is an admitted fact that the Mysore Kirloskar entrusted the video filming to the first defendant Company. Therefore, it cannot be said that there is no delay on the part of the plaintiffs in bringing action for passing off immediately after the incorporation of the first defendant Company. It is also an admitted fact that the plaintiffs through one of its group of companies as stated earlier has entrusted the work of video filming to the first defendant. In view of this fact, the learned counsel for the first defendant contended that the plaintiffs have acquiesced in their conduct in allowing the defendants to start their business and therefore the plaintiffs are not entitled for any interim relief. The advocate for the plaintiffs submitted that in order to apply the principles of acquiescence the defendant is required to satisfy certain conditions as held in the decision of *Willmott v. Barber*, (1880) 15 Ch D 96 as follows:- "It requires very strong evidence to induce the Court to deprive a man of his legal right when he has expressly stipulated that he shall be bound only by a written document. It has been said that the acquiescence which will deprive a man of his legal rights must amount to fraud, and in my view that is an abbreviated statement of a very true proposition. A man is not

to be deprived of his legal rights unless he has acted in such a way as would make it fraudulent for him to set up those rights. What, then, are the elements or requisites, necessary to constitute fraud of that description? In the first place the plaintiff must have made a mistake as to his legal rights. Secondly, the plaintiff must have expended some money or must have done some act (not necessarily upon the defendant's land) on the faith of his mistaken belief. Thirdly, the defendant, the possessor of the legal right, must know of the existence of his own right which is inconsistent with the right claimed by the plaintiff. If he does not know of it he is in the same position as the plaintiff, and the doctrine of acquiescence is founded upon conduct with a knowledge of your legal rights. Fourthly the defendant, the possessor of the legal right, must know of the plaintiff's mistaken belief of his rights. If he does not, there is nothing which calls upon him to assert his own rights. Lastly, the defendant, the possessor of the legal right, must have encouraged the plaintiff in his expenditure of money or in the other acts which he has done, either directly or by abstaining from asserting his legal right. Where all these elements exist, there is fraud of such a nature as will entitle the Court to restrain the possessor of the legal right from exercising it, but, in my judgment, nothing short of this will do." In the abovesaid case no doubt the person pleading acquiescence shall prove certain conditions. But in my opinion the said decision has no application at this stage for the purpose of considering interim prayer. No doubt it is open to the defendant to prove or establish acquiescence as pleaded in the trial. What is required to be considered at this stage is the conduct of the parties. The counsel for the plaintiffs cited another decision in the case of *M/s. Power Control Appliances v. Sumeet Machines Pvt. Ltd.* wherein it held as follows (at p 2768 of AIR SCW):- "26. Acquiescence is sitting by, when another is invading the rights and spending money on it. It is a course of conduct inconsistent with the claim for exclusive rights in a trade mark, trade name etc. It implies positive acts, not merely silence or inaction such as is involved in laches. In *Harcourt v. While* (1860) 28 Beav 303 Sr. John Romilly said:"It is important to distinguish mere negligence and acquiescence." Therefore, acquiescence is one facet of delay. If the plaintiff stood by knowingly and let the defendants build up an important trade until it had become necessary to crush it, then the plaintiffs would be stopped by their acquiescence. If the acquiescence in the infringement amounts to consent, it will be a complete defence as was laid down in *Mouson (J.G.) & Co. v. Boeum* (1884-26 Ch D 398). The acquiescence must be such as to lead to the inference of a licence sufficient to create a new right in the defendant as was laid down in *Rodgers v. Nowil* (1847-136 ER 816)." In the instant case as held earlier the plaintiffs knew that the 1st defendant incorporated as company in the year 1990 itself. The plaintiffs themselves through one of the group of companies entrusted certain work to the 1st defendant-company. This fact clearly shows that the 1st defendant has established its business and started carrying on business from the year 1990. Hence, the decision referred to above in my opinion helps the defendants and not the plaintiffs. In the instant case also the plaintiffs knowing fully well that the defendants started their business from the year 1990 onwards stood by and let the defendants to build up their trade till the date

of filing of the suit. Hence, I hold that the conduct of the plaintiffs in keeping quiet till the defendants have established their business disentitles the interim relief in their favour. 34A. No doubt the delay in bringing the action itself may not come in the way of granting an order of injunction in favour of the plaintiffs as per the decision cited by the counsel for the plaintiffs. In the instant case the plaintiffs and defendants are not engaged in the common field of activity and there is no material to show that the defendants are passing off their goods or business representing as that of the goods or business of the plaintiffs and therefore there is no immediate threat of causing any damage to the plaintiffs. 35. As observed by me earlier the plaintiffs and defendants are not engaged in the common field of activity. The business of the defendant is altogether different from that of the business of the plaintiffs as on the date of the filing of the suit. It is also not the case of the defendants that they have taken any steps to start the business which is being carried on by the plaintiffs. 36. In the decision of the Bombay High Court referred to above the defendants in the said case have not started or commenced their business or trade activities. In the case on hand the defendants have already commenced their business in the year 1990. If the defendants have already commenced and they are carrying on their business it is not appropriate to interrupt their business even before the commencement of the trial in the suit. If the defendants are interrupted in carrying on their business it would cause greater hardship since they would have to again establish the said business in the event of their succeeding at the trial. 37. It is in the pleading and also an admitted fact that the services of the defendants are not readily available. In other words one has to place order, with the defendants giving their requirement and thereafter, after a lot of inter action the story board is prepared and after approval of the story board a video filming or animation is created. These services or business of the defendants is not freely available in the market. Whoever wants the services of the defendants has to go to them and place orders with their eyes open. When such being the case, at this stage, it cannot be said that confusion can be created in the minds of the customers or the public. No doubt in an action of passing off not only the interest of the plaintiffs but also the interest of the public has to be protected. As the services and business of the defendants are not freely available in the open marketed it is almost like a tailor-made it cannot be said that it results in creating any apprehension in the mind of the customer or the public. 38. In the instant case I am of the view that granting an order of temporary injunction in favour of the plaintiff is detrimental in nature as it results in driving the defendants out of their business. 39. On the facts of this case, I am of the view that the plaintiffs will not be put to any irreparable loss and injury in the event of refusing to grant an order of injunction inasmuch as the defendants do not compete with the plaintiffs trade. 40. As stated above, as the defendants have already commenced and carrying on their business and services and any interruption in the said business or services would virtually force them to close down their establishment. In the event if no injunction is granted the plaintiffs will not be put to any loss and injury as the defendants are not carrying on any of the business similar to that of the plaintiffs. Hence, I hold that the balance

of convenience is in favour of the defendants and in the event of not granting an order of injunction in favour of the plaintiffs the plaintiffs will not be put to any irreparable loss and injury. 41. Though I have held that the plaintiffs have made out a prima facie case for an order of temporary injunction, I decline to grant an order of temporary injunction in favour of the plaintiffs, on the ground of balance of convenience and that of substantial injury or loss. 42. The learned counsel for the defendants' contended that the trial court after considering the materials placed before it, declined to grant an order of temporary injunction in favour of the plaintiff and the said order is a discretionary order which does not call for interference by this Court in an appeal. It is contended that granting or refusing to grant an order of temporary injunction purely rests on the sound exercise of discretion by the trial Court. In support of this contention the counsel for the defendants, relied upon a decision of this Court in the case of Sri. Gowrishankar Swamigalu v. Sri Siddaganga Mutt; ILR (1989) 2 Kant 1701. This Court in the abovesaid Judgment extracted Judgment of this Court with approval, which reads as follows:— "If the discretion has been exercised by the trial court reasonably and in a judicial manner, the fact that the appellate Court would have taken a different view may not justify interference with the trial Court's exercise of jurisdiction, but if it appears to the Appellate Court that in exercising its jurisdiction the trial Court has acted unreasonably or capriciously or has ignored relevant facts then it would be open to the Appellate Court to interfere with the trial Court's exercise of discretion." 43. In the case on hand also, the trial Court has declined to grant an injunction in favour of the plaintiffs. Though, I have reversed the finding regarding prima facie case, I decline to interfere with the order of the trial Court on the ground of balance of convenience and that of substantial injury or loss. 44. For the reasons stated I pass the following order:— The appeal is dismissed with no order as to costs. However, taking into consideration the peculiar facts and circumstances of the case, it is just and necessary to direct the trial court to dispose of the suit expeditiously. Accordingly, I direct the trial Court to dispose of the suit on merits within one year from the date of receipt of this judgment. 45. Appeal dismissed.