

## **Khoday Distilleries Limited (Now Known ... vs The Scotch Whisky Association And ... on 27 May, 2008**

**Equivalent citations: AIR 2008 SUPREME COURT 2737, 2008 AIR SCW 4560, 2008 CLC 1145 (SC), 2008 (9) SCALE 40, 2008 (10) SCC 723, (2008) 4 MAD LJ 942, (2009) 1 MAD LW 472, (2008) 9 SCALE 40, (2008) 37 PTC 413, (2008) 4 ALL WC 3258**

**Author: S.B. Sinha**

**Bench: S.B. Sinha, Lokeshwar Singh Panta**

CASE NO.:

Appeal (civil) 4179 of 2008

PETITIONER:

Khoday Distilleries Limited (Now known as Khoday India Limited)

RESPONDENT:

The Scotch Whisky Association and others

DATE OF JUDGMENT: 27/05/2008

BENCH:

S.B. Sinha & Lokeshwar Singh Panta

JUDGMENT:

**J U D G M E N T** (Arising out of SLP (C) No. 21367 of 2007) REPORTABLE S.B. SINHA, J.

Leave granted.

This appeal by special is directed against the judgment and order dated 12th October, 2007 passed by a Division Bench of the High Court of Judicature at Madras in Trade Mark Second Appeal (TMSA) No. 2 of 1998 affirming the judgment and order dated 25th September, 1998 passed in T.M.A. No.3 of 1989 whereby and whereunder an appeal preferred by the appellant herein under Section 109 of the Trade and Merchandise Marks Act, 1958 arising out of an order dated 12th May, 1979 by respondent No.3 was dismissed.

Appellant is a company incorporated under the Companies Act, 1956. It manufactures whisky under the mark Peter Scot . Manufacture of the said product allegedly was started by the company in May, 1968. An application was filed by it for registration of its mark before the respondent No.3. Appellant was informed that its application was accepted and allowed to proceed with the advertisement, subject to the condition that the mark would be treated as associated with Reg. T.M. No.249226-B. A proceeding was initiated as regards registration of the trade mark. No opposition

was filed by the respondent. Only one M/s. Mohan Meakins filed an opposition. The said trade mark was registered.

Respondent Nos. 1 and 2 came to know of the appellant's mark on or about 20th September, 1974. They filed an application for rectification of the said trade mark on 21st April, 1986. We may also notice that a suit for passing off has also been filed by the 1st respondent and others in the Bombay High Court being C.S. No. 1729 of 1987, which is stated to be still pending.

Appellant having been called upon showing its cause, by way of an affidavit affirmed by one Mr. Peter Warren explaining the manner in which the word Peter Scot was coined, stating :-

While I was employed in Khoday, the whisky we produced was sold under at least two marks, namely RED KNIGHT and PETER SCOT. The brand name Peter Scot was coined primarily with my father in mind i.e. using his forename, Peter, and his nationality, Scot. Another factor behind the coining of this brand name was the internationally known British explorer, Captain Scott, and his son Peter Scott, who is widely known as an artist, naturalist and Chairman of the World Wildlife Fund. Although the name Scott is spelt with two t's, it is phonetically the same as Scot.

Before the 3rd respondent, respondents 1 and 2 filed affidavits affirmed by 20 different persons in support of their application for modification. One of the affidavits to which, we would advert to a little later was affirmed by Ian Barclay, who is an in-house Solicitor of the said respondents.

Several issues were framed by the 3rd respondent in the said proceedings which were as under (1) Whether the applicants are persons aggrieved under Section 56;

(2) Whether the Application for rectification is not maintainable due to any mis-joinder of Applicants;

(3) Whether the impugned mark was not distinctive of the goods of the registered proprietors at the commencement of the rectification proceedings;

(4) Whether the impugned registration contravenes Section 11 at the commencement of rectification proceedings; and (5) Whether the mark is liable to be rectified and if so, in what manner. While opining that the 1st respondent has no locus standi to maintain the said application for rectification, it upheld the locus standi of the 2nd respondent. As regards Issue No.2 is concerned, it held that the mis-joinder of the applicants is not fatal. Issue No.3 which was to the effect that whether the impugned mark was not distinctive of the goods of the registered proprietors at the commencement of the rectification proceedings, it was answered in favour of the appellant.

Issue No.4 which primarily concern us was discussed by the 3rd respondent at some details. It was held that the mark has been used deceptively for long time and, although there is also unexplainable and inexcusable delay on the part of the respondents in filing the rectification application, the registered proprietors failed to file any evidence nor did they raise their little finger to rebut the evidence filed by the applicants/respondents. The plea of acquiescence/delay raised by the appellant was negated on the ground that the plea of deceptive element in the impugned mark having neither been displaced nor rebutted by evidence on the part of the registered proprietors, the pleas of delay and acquiescence cannot be allowed in favour of the registered proprietors.

On the affidavit evidence filed on behalf of the respondents, respondent No.3, although opined, that the same was not satisfactory but held the respondents' plea that the impugned registration contravenes Section 11 of the Act, stating :-

Nonetheless, the evidence gives an impression that some customers are being persuaded into thinking that PETER SCOT brand Whisky is also a Scotch Whisky. This is on account of the presence of two factors, namely (1) the presence of the word Scot in the PETER SCOT mark and (2) the presence of some slogan on the Whisky bottles under PETER SCOT brand. Unfortunately, there is absolutely no evidence whatever from the registered proprietors to assail or counteract or rebut the Applicants' evidence. In the absence of any material or evidence in rebuttal or reply from the registered proprietors, the evidence of Applicants stands unquestioned, unrebutted, unassailed and even unmitigated and I have no other go except to receive the voluminous affidavit and documentary evidence filed by Applicants on its face value. On the aforementioned premise, the application for rectification was allowed.

An appeal was preferred thereagainst by the appellant before the High Court in terms of Section 109 of the Act.

A learned Single Judge of the High Court dismissed the said appeal. As regards the plea of acquiescence it was held :-

The acquiescence if it is to be made a ground for declining to rectify, must be of such a character as to establish gross-negligence on the part of the applicant or deliberate inaction which had regulated in the appellant incurring substantial expenditure or being misled into the belief that the respondents though entitled to, had deliberately refrained from taking any action and were unmindful of the use of the mark by the person in whose name it was registered.

The facts of this case are not such as to warrant the conclusion that there has been acquiescence. Noticing that the appellant had neither adduced any evidence nor cross-examined the deponents of the affidavits, it was held :-

It is unfortunate that the appellant had chosen to refrain from placing any material before the authority to refuse the claim for rectification. Apparently, appellant did

not have great faith in the validity of the registration and did not consider it worthwhile even to cross-examine the witnesses who had filed the affidavits in support of the application for rectification. It is evident that adoption of the mark

Peter scot by the appellant was for the reasons mentioned in the affidavit of Peter Jeffery Warren. The mark was adopted apparently with a view to take advantage of the good will associated with Scotch whisky by using the word Scot as part of the trade mark for the whisky manufactured by the appellant. As regards the quality of the affidavits it was held :-

The criticism leveled against the deponents of some of the affidavits filed by the respondents as evidence though justified to some extent does not help the appellant to avoid rectification. The statutory standard is not the actual confusion and deception but likelihood thereof. The term Scot when used in association with whisky of non- Scottish origin is inherently capable of and is likely to cause confusion and deception. Feeling aggrieved, an intra court appeal was preferred thereagainst by the appellant. A Division Bench of the High Court, as noticed hereinbefore, dismissed the said appeal. The Division Bench noticed at some length the submissions made by the parties to inter alia hold :-

We have carefully considered the abovesaid submissions made by the counsel on either side. In our considered view, the use of the device Lion Rampant and the abovesaid description especially the description Distilled from the Finest Malt and Blended with the Choicest Whiskeys by Scotch Experts under Government Supervision is definitely intended to lead the consumers to believe that the whiskey manufactured by the appellant is scotch whiskey. Though specific averments as above said have been made in the affidavit on Ian Barclay, the same have not been rebutted by the appellant by adducing rebuttal evidence. The appellant has also not chosen to cross-examine Ian Barclay on the averments contained in the affidavit. Therefore, we are of the considered view that both the third respondent and the learned single Judge have considered all the relevant materials available on record and have exercised their discretion properly and as such we do not find any reason to interfere with the judgment of the learned single Judge. Mr. R.F. Nariman, learned senior counsel appearing on behalf of the appellant, submitted :-

1. Respondent No. 3 as also the High Court committed a serious error insofar as they failed to take into consideration that in view of the statement made in the affidavit affirmed by Ian Barclay that the respondents were aware of infringement of marked as far back in 1974 but as no action was taken in relation thereto till 1986, the application for rectification was barred under the principles of waiver and acquiescence.

2. Long delay of 14 years caused in filing the said application for rectification should have been held to be fatal having regard to the fact that the same caused immense prejudice to the appellant as in the meantime, the sale of the appellant had gone

many folds.

3. Acquiescence on the part of the respondents would amount to waiver, if not abandonment, of their right as any order passed for rectification of the mark being unconscionable and inequitable, the same should not have been allowed.

4. The word Peter Scot allegedly being evolved of Scotland cannot be held to be a subject matter of passing off as :-

a) Purchasers of the same are discerning;

b) They are aware of the brand which they would be purchasing ;

c) Rich and wealthy people would only ordinarily purchase goods like Scotch Whisky and they being literate cannot possibly be pulled by the word Scot knowing that they are purchasing Scotch Whisky, particularly in view of the fact that in the label as also in the box, it has categorically been mentioned that the product is a PRIDE OF INDIA and is manufactured at Bangalore in India;

5. The Division Bench committed a serious error insofar it failed to take into consideration the aforementioned arguments of the appellant, although categorically noticed by it, so far as if the label is to be looked by in its entirety, the emblem of Rampant Lion with the words Distilled from the Finest Malt and Blended with the Choicest Whiskies by Scotch Experts under Government Supervision must be read with the word PRIDE OF INDIA and the names of the appellant and the fact that it was manufactured at Bangalore.

6. The Division Bench of the High Court committed a serious error in so far as it failed to take into consideration that having regard to the provisions contained in Section 26 of the Geographical Indication of the Goods Act, 1999 (for short the 1999 Act ), the rights of trade marks which had been acquired through use in good faith were protected and thereby committed a serious error in not allowing the appellant to raise the said contention, on the premise that the same was being raised for the first time before it.

Mr. Ashok H. Desai, learned Senior Counsel appearing on behalf of the respondent Nos. 1 and 2, on the other hand submitted :-

(i) The findings of fact arrived at by the respondent No. 3 and as affirmed by the learned Single Judge and the Division Bench of the High Court should not be interfered with as they cannot be characterized as extraneous or perverse being based on no evidence.

(ii) An application for rectification is the only remedy in respect of a registered trade mark which is likely to deceive or cause confusion for the purpose of maintaining the purity of register of trade marks wherefor the extended concept of passing off action

should be recognized.

(iii) The basic distinction between the trade mark infringement and passing off action is that whereas the former flows from a statutory right, the latter is action in tort being in the realm of unfair competition.

(iv) Courts in India and abroad having consistently protected Scotch Whisky, any mark carrying words such as SCOT, Glen and Highland should not be allowed to continue. Appellant by using its product as Peter Scot, which is an Indian Whisky, intended to be seen as a manufacturer of Scotch Whisky, as would be evident from the affidavit of Mr. Peter J. Warren.

(v) If there is a fraud at inception in adoption of the name, the court should discourage such fraud in sternest way. It is not correct to contend that the delay, if any, on the part of the respondents would amount to acquiescence or waiver as the purpose of filing an application for rectification is to maintain the purity of register and public interest.

(vi) There is significant evidence in the present case as regards confusion concerning whisky bearing the name of Peter Scot which having not been controverted or rebutted would clearly go to show that any ordinary consumer would tend to believe that Peter Scot is a Scotch and not an Indian Whisky.

(vii) The label used by the appellant clearly suggests that it is a Scotch Whisky and not of Indian origin.

(viii) The provisions of the 1999 Act are not applicable to the facts and circumstances of the present case.

Before advertng to the rival contentions we may notice some of the provisions of the Act.

Sections 2(1)(d) ; 11, 27(2); 56 and 109 of the Act read as under:

Definitions and interpretation (1) In this Act, unless the context otherwise requires,

(a) to (c)

(d) "deceptively similar":--A mark shall be deemed to be deceptively similar to another mark if it so nearly resembles that other mark as to be likely to deceive or cause confusion;

11 Prohibition of registration of certain marks A mark

- (a) the use of which would be likely to deceive or cause confusion; or
- (b) the use of which would be contrary to any law for the time being in force; or
- (c) which comprises or contains scandalous or obscene matter; or
- (d) which comprises or contains any matter likely to hurt the religious susceptibilities of any class or section of the citizens of India; or
- (e) which would otherwise be disentitled to protection in a court, shall not be registered as a trade mark.

27 No action for infringement of unregistered trade mark. (1) . . .

(2) Nothing in this Act shall be deemed to affect rights of action against any person for passing off goods as the goods of another person or the remedies in respect thereof.

56 Power to cancel or vary registration and to rectify the register. (1) On application made in the prescribed manner to a High Court or to the Registrar by any person aggrieved, the tribunal may make such order as it may think fit for cancelling or varying the registration of a trade mark on the ground of any contravention, or failure to observe a condition entered on the register in relation thereto.

(2) Any person aggrieved by the absence or omission from the register of any entry, or by any entry made in the register without sufficient cause, or by any entry wrongly remaining on the register, or by any error of defect in any entry in the ' register, may apply in the prescribed manner to a High Court or to the Registrar, and the tribunal may make such order for making, expunging or varying the entry as it may think fit.

(3) The tribunal may in any proceeding under this section decide any question that may be necessary or expedient to decide in connection with the rectification of the register.

(4) The tribunal, of its own motion, may, after giving notice in the prescribed manner to the parties concerned and after giving them an opportunity of being heard, make any order referred to in sub-section (1) or sub-section (2). (5) Any order of the High Court rectifying the register shall direct that notice of the rectification shall be served upon the Registrar in the prescribed manner who shall upon receipt of such notice rectify the register accordingly.

(6) The power to rectify the register conferred by this section shall include the power to remove a trade mark registered in Part A of the register to Part B of the register.

109 Appeals. (1) No appeal shall lie from any decision, order or direction made or issued under this Act by the Central Government or from any act or order of the Registrar for the purpose of giving effect to any such decision, order or direction.

(2) Save as otherwise expressly provided in sub- section (1) or in any other provision of this Act, an appeal shall lie to the High Court within the prescribed period from any order or decision of the Registrar under this Act or the rules made there- under.

(3) Every such appeal shall be preferred by petition in writing and shall be in such form and shall contain such particulars as may be prescribed. (4) Every such appeal shall be heard by a single Judge of the High Court:

Provided that any such Judge may, if he so thinks fit, refer the appeal at any stage of the proceeding to a Bench of the High Court.

(5) Where an appeal is heard by a single Judge, a further appeal shall lie to a Bench of the High Court.

(6) The High Court in disposing of an appeal under this section shall have the power to make any order which the Registrar could make under this Act. (7) In an appeal by an applicant for registration against a decision of the Registrar under section 17 or section 18 or section 21, it shall not be open, save with the express permission of the court, to the Registrar or any party opposing the appeal to advance grounds other than those recorded in the said decision or advanced by the party in the proceedings before the Registrar, as the case may be, and where any such additional grounds are advanced, the applicant for registration may, on giving notice in the prescribed manner, withdraw his application without being liable to pay the costs of the Registrar or the parties opposing his application.

(8) Subject to the provisions of this Act and of the rules made thereunder, the provisions of the Code of Civil procedure, 1908 (5 of 1908), shall apply to appeals before a High Court under this Act. Although a large number of issues have been raised by the learned counsel for the parties, we are of the opinion that the principal issues which arise for our consideration are:

(i) Whether the delay on the part of the respondent Nos. 1 and 2 in filing the application for rectification would amount to acquiescence and/ or waiver?

(ii) Whether the respondent No. 3 as also the learned Single Judge and the Division Bench of the High Court have failed to apply the correct tests and, thus, misdirected themselves in law.

It is not in dispute that the appellant manufactures whisky under the brand name of Peter Scot . The box of the carton contains the emblem of Rampant Lion . It is a malt whisky. On one side of the box it is stated PRIDE OF INDIA and on the other KHODAY DISTILLERIES PRIVATE LIMITED . Apart from the said information on the right hand side of the label it is stated Distilled from the Finest Malt and Blended with the Choicest Whiskies by Scotch Experts under Government Supervision In terms of Section 56 of the Act, the Registrar exercises a quasi judicial power



wherefor he has to take into consideration the provisions of Sections 31 and 21 of the Act. A presumption can be raised in terms of Section 31 in all the legal proceedings that the trade mark is valid. The jurisdiction can be invoked if the mark is not distinctive or the mark used falls under any of the clause envisaged in Sections 32 of the Act. Furthermore if a mark had remained in existence for 7 years or more from the date of registration, it would be presumed to be valid, unless :-

- a) It had been obtained by fraud.
- b) It is contrary to Section 11 ; and
- c) The mark had not become distinctive.

In this case no plea of fraud has been raised. Registrar held in favour of the appellant that the mark had not become distinctive. The respondents case is based on the premise that the same was contrary to Section 11 of the Act.

In support of their application, the respondents raised the following grounds :-

- 1) The mark is not distinctive.
- 2) It was not capable of distinguishing itself as the goods of the appellant.
- 3) The use of the mark is likely to deceive or confuse.
- 4) Non-user of the mark.

They have succeeded before the learned Magistrate only on the third ground.

The principal question which arises for consideration is as to whether the term Scot would itself be a sufficient ground to opine that the mark Peter Scot is deceptive or confusing. Indisputably the onus of proof would be open the respondents. The question arises is as to whether they have discharged the same or not.

Ian Barclay is admittedly the in-house Solicitor of the respondents. They have not only been filing actions against several persons infringing the said mark in India but also in several other countries like Australia and United States of America. Ian Barclay in his affidavit stated :-

The first applicant received notice of the advertisement of the said mark PETER SCOT in the Trade Mark Journal when it received a routine report from Wildbore and Gibbons dated 20th September, 1974. Regrettably, the first Applicant did not lodge opposition within the time allowed. Respondents, therefore, were well aware that the appellant had filed an application for registration. One of the questions which was raised before respondent No.3 as also before the High Court was as to whether Article 137 of the Limitation Act, 1963 would apply to the rectification

proceedings. Keeping in view the decision of this Court in *Sakur v. Tanaji* [AIR 1985 SC 1279], evidently the same has to be rejected as the Registrar is not a court.

The submission of Mr. Nariman, however, is that the period of three years provided for should be taken to be the upper limit as an equitable jurisdiction is to be invoked. Our attention in this behalf has been drawn to the decision of this Court in *State of Madhya Pradesh v. Bhailal Bhai and others*, [1964 (6) SCR 261 at 271] wherein it was held :-

It was necessary for the High Court to consider this question of delay before any order for refund was made. It does not appear however that any attention was paid to this question. In making the orders for refund in each of these cases the High Court merely said this:

The present case is governed by *Bhailal Bhai* case. Learned Government Advocate formally raised the question of the remedy open to the petitioner for refund of tax in order to keep the point open in the Supreme Court. We accordingly allow this petition and issue a writ directing the opponents to refund to the applicant firm the amount of tax collected from it during the above mentioned period. The learned Judges appear to have failed to notice that the delay in these petitions was more than the delay in the petition made in *Bhailal Bhai* case out of which Civil Appeal No. 362 of 62 has arisen. On behalf of the respondents-petitioners in these appeals (CAs Nos. 861 to 867 of 1962) Mr Andley has argued that the delay in these cases even is not such as would justify refusal of the order for refund. We argued that assuming that the remedy of recovery by action in a Civil Court stood barred on the date these applications were made that would be no reason to refuse relief under Article 226 of the Constitution. Learned counsel is right in his submission that the provisions of the Limitation Act do not as such apply to the granting of relief under Art 226. It appears to us however that the maximum period fixed by the legislature as the time within which the relief by a suit in a Civil Court must be brought may ordinarily be taken to be a reasonable standard by which delay in seeking remedy under Article 226 can be measured. The court may consider the delay unreasonable even if it is less than the period of limitation prescribed for a civil action for the remedy but where the delay is more than this period, it will almost always be proper for the court to hold that it is unreasonable. The period of limitation prescribed for recovery of money paid by mistake under the Limitation Act is three years from the date when the mistake is known. If the mistake was known in these cases on or shortly after January 17, 1956 the delay in making these applications should be considered unreasonable. If, on the other hand, as Mr Andley seems to argue, that the mistake discovered much later this would be a controversial fact which cannot conveniently be decided in proceedings. In either view of the matter we are of opinion the orders for refund made by the High Court in these seven cases cannot be sustained. We are unable to accept this submission. What would be the reasonable period in a given case would not depend upon the nature of action initiated before a statutory authority but also upon the

purport and object of the statute. If the reliefs sought for before the superior courts are the same which could be sought for in a suit, the period of limitation specified for in the Limitation Act may be taken to be the criteria for consideration as to whether the same should be treated as a reasonable period, but not otherwise. In Bhailal Bhai and others (supra) a writ petition was filed for refund of the tax which was legally collected. It was essentially a money claim and in that context the aforementioned observations were made.

It was next contended that the appellant suffered a great prejudice by reason of delay as during the said period of 18 years the sales figures had gone up. Our attention has been drawn to a chart filed before the learned Single Judge on 6th July, 1988. Such a stand apparently had not been taken before the respondent No.1. No application appears to have been filed in terms of Order 41 Rule 27 of the Code of Procedure or principles analogous thereto nor the learned Single Judge appears to have permitted them to produce additional evidence before it. The sales figures as contained in the said chart, therefore, cannot be taken into consideration.

We would, however, assume that such a delay *ex facie* causes prejudice as a manufacturer of a popular brand. It must have arranged its affairs in such a manner so that it may not have to withdraw the brand or the mark after it gains popularity.

Respondent No. 3 as also the High Court refused to entertain the plea of delay leading to application of the principles of estoppel and/ or waiver only on the premise that the appellant is guilty of adopting a mark which is deceptively similar and/ or causes confusion.

Contention raised before us by Mr. Desai is that having regard to the provisions of the Act, no application for rectification should be rejected on the ground of delay.

The said contention is based on the premise that Section 11 of the Act provides for a prohibition of registration of certain marks, the use of which would likely to deceive or cause confusion.

Section 56 of the Act provides for filing of application and application for rectification and, thus, should be considered only from that point of view. Registration of a trade mark is governed by the provisions of the Act. Section 9 thereof provides for restrictions for registration in Parts A and B of the Register unless the essential particulars laid down therein are satisfied. It provides for a detailed enquiry. An advertisement has to be issued. Objections are to be called for. Only upon proof of existence of one or the other essential particulars therein and upon consideration of the objections which may be raised therein, the registration of mark may be allowed. Sections 10 to 14 provide for prohibitions. The prohibitory provisions, therefore, are required to be taken into consideration for the purpose of registration of the mark. The question as to whether the use of a mark would likely to deceive or cause confusion so as to disable the Registrar from registering the mark as a trade mark would be necessary to be considered only in the course of the enquiry conducted therefor. A Registrar of Trade Mark is not supposed to know that there exist other marks which are registered or which would deceive or cause confusion with any other established mark. In a given case, the Registrar of Trade Mark may be aware thereof. But, in some cases, he may not be. It may, therefore,

not be correct to contend that Section 11 of the Act prohibits the Registrar for registration of marks which would likely to deceive or cause confusion.

Indisputably, the purity of the Registrar is to maintain the register. Indisputably again, the public interest has to be kept in view. An application for registration has also to be considered keeping the public interest in view. What is therefor, necessary for the Registrar is to arrive at a conclusion as regards registration of mark, is as to whether having regard to the nature of the mark sought to be registered and the use thereof as also the class of bias, would be deceived or confused with the mark registered or not. An application for rectification and correction of the register may be entertained if any of the grounds specified therein exists, viz., contravention or failure to observe the condition entered on the register or in relation thereto. An application for rectification and correction of the register would also be maintainable if a person is aggrieved by the absence or omission from the register of any entry or by any entry made in the register without sufficient cause or by any entry wrongly remaining on the register or by any error or defect in any entry in the register.

The power of the Registrar in terms of Section 56 of the Act is wide. Sub-section (2) of Section 56 of the Act used the word 'may' at two places. It enables a person aggrieved to file an application. It enables the Tribunal to make such order as it may think fit. It may not, therefore, be correct to contend that under no circumstances the delay or acquiescence or waiver or any other principle analogous thereto would apply.

Purity of register as also the public interest would indisputably be relevant consideration. But, when a discretionary jurisdiction has been conferred on a statutory authority, the same although would be required to be considered on objective criteria but as a legal principle it cannot be said that the delay leading to acquiescence or waiver or abandonment will have no role to play. [See *Ciba Ltd. Basle Switzerland v. M. Ramalingam and S. Subramaniam trading in the name of South Indian Manufacturing Co., Madura* and another AIR 1958 Bombay 56] In determining the said question, therefore, conduct of the person aggrieved in filing the application for rectification would be relevant.

For the aforementioned purpose, whether it is a class or group action or a private action although would be relevant but may not be decisive. It is one thing to say that class or group action will receive special attention of the statutory authority vis-à-vis a private action. But, in both types of cases, public interest should remain uppermost in the mind of the authority. The question which is required to be posed therefor would be as to whether the public in general or the class of bias would be deceived or be confused if the existing mark is allowed to remain on the register. Thus, deceptively similar or confusion is the principal criteria for determining applications both for registration as also for rectification.

We have noticed hereinbefore that it is not the case of the respondents that any fraud was practised by the appellant.

Appellant started manufacturing of the product as far back as in the year 1968. It marketed two brand names, viz., Peter Scot and Red Knight. It is said to have been done for making the name

attractive. It was a period when there were restrictions on import of Whisky. The custom duty was high. The price of a genuine Scotch Whisky was prohibitive for a large section of the consumers. Appellant applied for registration in the year 1971.

Ian Glen Barclay affirmed an affidavit in support of the respondents. He, in his affidavit which otherwise remained uncontroverted, admitted that the respondents were aware of registration of the mark through an advertisement made in a trade mark journal at the instance of the appellant as also a report received from Wildbore and Gibbons dated 20.09.1974. Respondent No. 1 had issued a notice. It also issued a notice in respect of an application filed by the appellant for registered proprietors trade mark Hogmanay which led to withdrawal of the said application by the appellant before hearing. He also affirmed that there are provisional trade mark agencies about the trade marks advertisements in all the countries in classes 32 and 33 which inter alia have British or Scottish connotations.

On their own showing a large number of applications were filed against those who were using trade marks which have some relation with use of a label, mark or insignia which reminds the customers of the products of Scotland which included the word such as Scot, Glen and Highland. Respondents have referred to as many as 19 judgments rendered by different High Courts in India and four decisions rendered by the Courts of France, Italy, Illinois and Malaysia to contend that all oppositions made and/ or litigations filed ended in success. It is relevant to place on record the decisions which have been placed before us by Mr. Desai and the marks which were being used by different companies:

. Mohan Meakin Breweries Ltd. Vs. The Scotch Whisky Association, PTC (Suppl)  
(1) 352 (Del) (DB) Para 6, Para 17 and 18

2. Scotch Whisky Association & ors. Vs. Golden Bottling Ltd., 2006 (32) PTC 656  
(Del.) Paras: 22, 23, 24, 25, 27 and 28.

3. Srilab Breweries Pvt. Ltd. Vs. Scotch Whisky Association, 2006 (33) PTC 527 (Reg.)  
Para 13

4. SWA & Anr. Vs. Mohan Meakin Ltd.

(Royal Scot) (Bombay High Court)

5. Scotch Whisky Association & Ors. Vs. Golden Bottling Ltd. (Red Scot) 2006 (32) PTC 656 (Del.)

6. SWA & Anr. Vs. Royal Distillery (Royal s Scot) (Bombay High Court)

7. SWA & Ors. Vs. The Brihan Maharashtra Sugar Syndicate Ltd. (Brihan s Old Scot) (Bombay High Court).

8. SWA & Ors. Vs. The Ugar Sugar Works Ltd. (Appeal Order) (Bombay High Court).

9. SWA & Anr. Vs. Rangar Breweries Ltd.

(Grand Scot) (Bombay High Court)

10. SWA & Anr. Vs. Swaroop Vegetable Products Industries Ltd. & Ors. (Final Order) (Delhi High Court)

11. Scotch Whisky Association Vs. Dyer Meakin Breweries Ltd. (Highland Chief) ILR 1972 Delhi 124

12. Dyer Meakin Breweries Ltd. (now known as Mohan Meakin Breweries Ltd.) Vs. The Scotch Whisky Association PTC (Suppl) (1) 352 (Del) (DB)

13. SWA & Anr. Vs. M/s Rhee Distillers (Scotch Terrier) (The Court of Addl. Civil Judge, Sr. Division Margao, Goa).

14. William Grant & Sons Ltd. Vs. McDowell & Co. Ltd. (Glenfiddich Case) 1997 (17) PTC

15. Srilab Breweries Pvt. Ltd. Vs. Scotch Whisky Association (Rare Blend) 2006 (33) PTC 527 (Reg.) WA & Anr. Vs. Forbes Campbell & Co. Ltd. (Glen Forbes, Blended with the finest Scotch) (Bombay High Court)

16. SWA & Anr. Vs. Pravara Sahakar Shakar Karkhana Ltd. (Drum Beater, Gold Tycoon) (Bombay High Court)

17. SWA & Anr. Vs. Scottish Distilleries & Ors. (Macqueen and Black Kilt) (Bombay High Court)

18. SWA Vs. Silver Oak Blenders and Bottlers Private Ltd. & Anr. (Windsor Club) (Bombay High Court).

19. SWA Vs. Maharashtra Manufacturing Corporation & Ors. (Black Skipper, White Scot & Salute India) (Delhi High Court) Decisions of Foreign Courts:

20. SWA Vs. Societe d Importation e de Distribution des Grandes Marques (Judgment dated 23rd January, 1992 of the Commercial Court of Saint Etienne, France)

21. SWA & Anr. Vs. Pollini Liquori Spa (Judgment dated 19th March, 1980 passed by the Court of Rome, Italy)

22. SWA & Ors. Vs. Bartaon Distillery Co.

(Judgment dated 12th November, 1973 passed by the United States Court of Appeal, Illinois)

23. SWA & Anr. Vs. Ewein Winery (M) Sdn.

BhD [1999] 6 MLJ 280 (Malaysia) The details of the cases aforementioned would clearly go to show that not only oppositions were made, but also actions were initiated against the persons who used the word Scot as also against those who used the words Highland Chief, Scotch Terrier, Glenfiddich, Rare Blend , etc. In Australia and United States of America, the respondent No. 1 initiated actions almost on the self-same cause of action but failed.

It is, therefore, evident that whereas actions had been taken against each and every party throughout the world whenever a mark evocating Scotland or any other brand which remained in the minds of the buyer of the Scotland had been opposed, the appellant was singularly left out. They opposed to the registration of the mark and in fact issued a notice. If it had issued a notice then there is absolutely no reason as to why they did not pursue the same. A notice was issued in relation to an attempt made by the appellant to get the name Hogmanay registered. If such an opposition had been made even in relation to the registered proprietors trade mark Peter Scot, as it did in the case of Hogmanay, it could have withdrawn its application. It would have known its position as to where it stood. It could have started manufacturing Whisky of the same quality with a different brand name. We may furthermore place on record that not only in respect of Hogmanay, opposition was also made in relation to Old Angus in Class 32 which bears the name of a county in Scotland and, therefore, evocative of Scottish origin although the product was a Rum and not Whisky . If the respondent No. 1 took such actions in respect of trade marks Hogmanay and Old Angus in 1974 and 1979, one fails to understand as to why a similar action was not taken in relation to Peter Scot.

Barclay, in his affidavit, attempted to give an explanation therefor stating:-

3. Proceedings in respect of the registration of the mark HIGHLAND CHIEF were pending in the Indian Courts at the relevant time. The 1st Applicant succeeded in these proceedings before the Delhi Court in 1971 but thereafter the matter was taken to the Division Bench of the Delhi High Court where the 1st Applicant also succeeded.

However, the matter was thereafter taken to the Supreme Court. The 1st Applicant did not appreciate, that it would take so long to obtain a final judgment. The Judgment from the Supreme Court would be binding on all tribunals in India. At issue in the said Appeal was registration of words, or devices or marks or labels or descriptions evocative of Scotland for use on Indian Whisky. In this connection I crave leave to refer to and rely upon the judgment of the Delhi High Court (see Exhibit X-4). I say that the Appeal to the Supreme Court from the same judgment had not yet been decided.

44. I say that the 1st Applicant, having failed to lodge opposition to the Peter Scot application within the prescribed period, was awaiting the decision of the Supreme Court before adopting proceedings against the registered proprietor for rectification of the mark PETER SCOT. However, in recent years, the 1st Applicant learned that various other parties were attempting to adopt the word SCOT as part of their trade marks, and/or other marks with Scottish Connotations.

Therefore, the 1st Applicant decided that it could not afford to wait for the decision of the Supreme Court and proceedings were adopted by filing passing off actions which are referred to in the annexures referred to hereinabove, as well as the rectification proceedings against the registered proprietor. Thus, the delay is due to the aforesaid facts. Ex facie, the said explanation is wholly unacceptable.

Even before us, the result of the litigation before this Court has not been disclosed. When action had been taken by the respondent No. 1 in so many matters although one of the matters was pending before this Court, the explanation offered appeared to be absolutely hollow, particularly when even on its own showing the respondent No. 1 succeeded even in the said proceedings.

Moreover, if the said explanation is to be accepted, then why an application for rectification should have been filed even in 1986? They should have waited till the decision in the case then pending was rendered by this Court. Nothing has been stated in the said affidavit as to what was the occasion to file such an application in 1986 but prompted them to wake up after such a long time is beyond anybody's comprehension.

Once the facts are admitted the legal inference shall ensue. Respondent No. 3 as also the learned Single Judge and the Division Bench of the High Court failed and/ or neglected to advert to this aspect of the matter. They did not pose unto themselves the question as to whether an application for rectification can be dismissed on the ground of principle of delay, acquiescence, waiver or abandonment. It is one thing to say that such principles can never be applied but it is another thing to say that whether they should be applied in a fact situation obtaining in a particular case or not. If they have any application, the same should have been considered by the respondent No. 3 as also by the High Court on their own merit.

Mr. Desai himself has relied upon a decision of Chagla, C.J. of the Bombay High Court in Ciba Ltd. Basle Switzerland (supra). The learned Chief Justice therein recorded his opinion, thus:

o. The second contention in which there is much more force is that the appellants have come to file this application under Section 46 after considerable delay and no relief should be granted to them. It is true that the granting of relief under Section 46 is a discretionary relief, but it is equally true that the Legislature has not laid down any period of limitation for making an application under Section

49. Kerly at p. 271 states: "The delay of the applicant in coming to the Court to ask for rectification of the register is not of itself any bar to his application, and the marks have been removed or varied after being registered for long periods to the knowledge of the applicant....." But at p. 264 the learned author points out that the demerits of the applicant in any such case are irrelevant to the question whether rectification should be ordered or not, for the question is not between the applicant on the one hand and the respondent on the other, but between public and the respondent. But the learned author further points out at p. 272 that where the objection alleged to a mark is that it is the same as that of the applicant, or that it has such resemblance to



his as to be calculated to deceive, it will be some evidence against the applicant, on whom the burden lies of showing that the registration was made without sufficient cause, if he had stood by and allowed the registered proprietor to use the mark objected to for a length of time, especially if no case of actual deception is proved. But the learned author also points out that in such a case two things have got to be considered; first, what was the reason of the delay in the application to expunge; and, secondly, whether any substantial injury has been caused by the delay to the person who has registered. Therefore, the question of delay must be approached from this point of view whether the applicant stood by and thereby caused substantial injury to the respondent and the injury was so substantial that that injury would outweigh the interest of the public which the Court must consider where a trade mark is likely to deceive. In this case, the respondent stood by the mark.

A distinction may be made between a fraudulent trade mark and a deceptive trade mark. In both the cases evidences have to be adduced.

Whether a misrepresentation is made or not is essentially a question of fact. It will depend upon many factors.

The principles of waiver and acquiescence in a case of this nature are applicable. Apart from the ordinary rule of waiver of a right expressly provided for in a case of passing off, the court has consistently been noticing development of law in this field. The principles in that behalf were laid down by way of provender in Scotch Whiskey Association and another v. Pravara Sahakar Shakar Karkhana, [AIR 1992 Bom. 294].

The development of law was also noticed by the Court of Appeal in Habib Bank Ltd. v. Habib Bank, A.G. Zurich, [ [1980] (1) W.L.R. 1265 ] at 1283-1284, in the following terms :-

We were again referred to many authorities on this subject and to the debate which has taken place as to whether, in order to succeed in a plea of acquiescence, a defendant must demonstrate all the five probanda contained in the judgment of Fry J. in Willmott v. Barber [(1880) 15 Ch.D.96: see the recent judgment of Robert Goff J. in Amatgamated Investment & Property Co. Ltd. v. Texas Commerce International Bank Ltd. [(1981) 2 WLR 554]. Whether all five of those probanda are necessary or not, Mr. Aldous submits that to succeed HBZ must at least establish three things. They must show, first, that HBZ have been acting under a mistake as to their legal rights. That, in the instant case, must mean that they were unaware that what they were doing (that is to say, carrying on their business under the name in which they had been incorporated with the active assistance of the plaintiffs predecessors), constituted any invasion of the plaintiffs rights. Secondly, they must show that the plaintiffs encouraged that course of action, either by statements or conduct. Thirdly, they must show that they have acted upon the plaintiffs representation or encouragement to their detriment. Noticing various other decisions, Oliver, L.J., noticing a decision in Taylor Fashions Ltd. v. Liverpool Victoria Trustees Co. Ltd. [

(Note) [1981] 2 W.L.R.] 576 opined :-

Furthermore the more recent cases indicate, in my judgment, that the application of the Ramsden v. Dyson, L.R. 1 H.L. 129 principle whether you call it proprietary estoppel, estoppel by acquiescence or estoppel by encouragement is really immaterial requires a very much broader approach which is directed rather at ascertaining whether, in particular individual circumstances, it would be unconscionable for a party to be permitted to deny that which, knowingly, or unknowingly, he has allowed or encouraged another to assume to his detriment than to inquiring whether the circumstances can be fitted within the confines of some preconceived formula serving as a universal yardstick for every form of unconscionable behaviour. It was held :

I have to acknowledge my indebtedness to counsel on both sides for some illuminating arguments, but at the end of them I find myself entirely unpersuaded that the judge erred in any material respect. He concluded his judgment in this way on the question of estoppel :

Of course, estoppel by conduct has been a field of the law in which there has been considerable expansion over the years and it appears to me that it is essentially the application of a rule by which justice is done where the circumstances of the conduct and behaviour of the party to an action are such that it would be wholly inequitable that he should be entitled to succeed in the proceeding. That, to my mind, sufficiently appears on the facts of this case. Thus, in cases involving equity or justice also, conduct of the parties has also been considered to be a ground for attracting the doctrine of estoppel by acquiescence or waiver for infringement.

This Court also in M/s. Power Control Appliances and others v. Sumeet Research and Holdings, [ (1994) 2 SCC 448 ] held :- 6. 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. White 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. Boehm. 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. Nowill. The question again came up for consideration before this Court in Ramdev Food Products (P) Ltd. v. Arvindbhai Rambhai Patel and others, [ (2006) 8 SCC 726 ] wherein it was held :-

03. Acquiescence is a facet of delay. The principle of acquiescence would apply where: (i) sitting by or allowing another to invade the rights and spending money on it; (ii) it is a course of conduct inconsistent with the claim for exclusive rights for trade mark, trade name, etc. The delay by itself, however, may not be necessarily a ground for refusing to issue injunction. It was opined :-

06. The defence of acquiescence, thus, would be satisfied when the plaintiff assents to or lays by in relation to the acts of another person and in view of that assent or laying by and consequent acts it would be unjust in all the circumstances to grant the specific relief. It was furthermore observed :-

108. Specific knowledge on the part of the plaintiff and prejudice suffered by the defendant is also a relevant factor. (See *Spry on Equitable Remedies*, 4th Edn., p. 433.) In *Halsbury's Laws of England*, Fourth Edition, Vol. 16, para 1505, it is stated:

Where a person has by words or conduct made to another a clear unequivocal representation of fact, either with knowledge of its falsehood or with the intention that it should be acted upon, or has so conducted himself that another would, as a reasonable man, understand that a certain representation of fact was intended to be acted on, and that the other has acted on the representation and thereby altered his position to his prejudice an estoppel arises against the party who made the representation, and he is not allowed to aver that the fact is otherwise than he represented it to be. Delay would be a valid defence where it has caused a change in the subject matter and action or brought about a situation in which justice cannot be done.

Mr. Desai relied upon *Willmott v. Barber* [15 Ch. D. 96] wherein it is stated:

The equitable doctrine of acquiescence is founded on there having been a mistake of fact; can it be repelled by showing that there was constructive notice of the real facts? In every case in which a man acts under the mistaken belief that he is entitled to land, he might, if he had inquired, have found out that he had no title. And yet the Courts appear always to have inquired simply whether a mistake has been made, not whether the plaintiff ought to have made it. However, in *Pfizer Products Inc. v. Rajesh Chopra & Ors.* [2007 (35) PTC 59 (Del)], injunction was granted despite delay, stating :- Where infringement is deliberate and wilful and the defendant acts fraudulently with knowledge that he is violating plaintiff's rights, essential elements of estoppel are lacking and in such a case the protection of plaintiff's rights by injunctive relief never is properly denied. The doctrine of estoppel can only be invoked to promote fair dealings.

31. It would appear to me that where there is an honest concurrent user by the defendant then inordinate delay or laches may defeat the claim of damages or rendition of accounts but the relief of injunction should not be refused. This so

because it is the interest of the general public, which is the third party for such cases, which has to be kept in mind. In the case of inordinate delay or laches, as distinguished from the case of an acquiescence, the main prejudice which may be caused to the defendant is that by reasons of the plaintiff not acting at an earlier point of time the defendant has been able to establish his business by using the infringing mark. Inordinate delay or laches may be there because the plaintiff may not be aware of the infringement by the defendant or the plaintiff may consider such infringement by the defendant as not being serious enough to hurt the plaintiff's business. Nevertheless, if the Court comes to the conclusion that prejudice is likely to be caused to the general public who may be misled into buying the goods manufactured by the defendant thinking them to be the goods of the plaintiff then an injunction must be issued. The Court may, in appropriate cases, allow some time to the defendants to sell off their existing stock but an injunction should not be denied. In *McDonald's Corporation and Another v. Sterling's Mac Fast Food Represented by its Partner John Mathew* [ILR 2007 Karnataka 3346], the Karnataka High Court held:

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:-

. 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. A contention is sought to be raised that the purported wrong committed by the appellant being a continuing one would not attract the doctrine of laches, acquiescence or waiver.

The doctrine of continuing wrong has nothing to do with the refusal on the part of a statutory authority or a court of law to exercise its discretionary jurisdiction on the ground of laches, acquiescence or waiver.

In *Balakrishna Savalram Pujari Waghmare and others v. Shree Dhyaneshwar Maharaj Sansthan and others* [AIR 1959 SC 798], this Court, while dealing with a question of applicability of Articles 124 and 120 of the Limitation Act, 1908, made a distinction between a wrongful act causing an injury

which is complete and a wrong which creates a continuing source of injury rendering the doer of the act responsible and liable for the continuance of the said injury.

Reliance placed by Mr. Desai on *Bengal Waterproof Limited v. Bombay Waterproof Manufacturing Company and Another* [(1997) 1 SCC 99] cannot be said to have any application herein whatsoever. Therein, this Court principally was dealing with a petition as regards application of Order II, Rule 2(3) of the Code of Civil Procedure. Holding that the cause of action filed in the suit in question was not the same on which the earlier suit was passed and further opining that the cause of action for filing the suit was a continuous and recurring, infringement of the plaintiff's trade mark by the respondents continuously till the date of filing of the second suit, it was held that the presence in the register of a mark was a continuous wrong. However, it is not necessary to delve deep into the matter any further as we have held heretofore that the provisions of the Limitation Act, 1963 will have no application in the instant case.

It is also not a case where a court has been conferred power to exercise a suo motu jurisdiction. Reliance placed by the appellant in *State of Punjab & Ors. v. Bhatinda District Coop. Milk P. Union Ltd.* [2007 (2) SCALE 135], therefore, cannot be said to have any application.

Whereas on the one hand Mr. Desai objects to the evidence that was produced before the learned Single Judge with regard to the increase in the volume of sale of Peter Scot, on the other hand, it was urged that if a comparison is made of the Indian whisky and Scotch Whisky it would appear that some Indian whiskies are costlier than some of the Scottish brands. The stand taken by the respondents is self contradictory. We think that their stand is not fair.

We, therefore, in the peculiar facts and circumstances of this case, are of the opinion that action of the respondents is barred under the principles of acquiescence and/ or waiver.

The power conferred on the Registrar is discretionary in nature. In a given case, the Registrar may not exercise its jurisdiction. [See *Kabushiki Kaisha Toshiba v. Toshiba Appliances Co. & Ors.* [Civil Appeal No. 3639 of 2008 decided on 16th May, 2008]] Another principal question which arises for consideration is as to whether the use of the term 'Scot' would itself be a sufficient ground to form an opinion that the mark 'Peter Scot' is deceptive or confusing. Indisputably, the onus of proof therefor would be on the respondents. Whether they have discharged the said onus is the question?

The nature of a passing off action vis-à-vis the action for infringement of a registered trade mark may lead to ground of the same reliefs, but we, at the outset, may notice that in *Modern Law Trade Marks by Morcom*, it is stated:

Passing off the group or class type action the necessary characteristics.

14.64 A trade name may come to denote goods of a particular type or class, Traders who sell these goods do not have the exclusive rights in the name. The goodwill in the name is shared by all of the traders who sell this type or class of goods. A passing off action may be brought by one or more of these traders to protect the goodwill in the

name. A passing off action may be brought by those who fulfill the following requirements:

- (i) the claimant himself owns or has a sufficient proprietary interest in the requisite goodwill, and
- (ii) the goodwill so owned must be the goodwill which is really likely to be damaged by the alleged misrepresentations.

The decision of the respondent No. 3 that the respondent No. 1 has no locus standi to file an application under Section 56 of the Act has attained finality. Locus has been found only in favour of the respondent No. 2. It comes within the purview of a foreign manufacturer whose goods are sold in this country. It indisputably have acquired a protectable goodwill in his trade name or trademarks. There will then be the question, which in principle would involve pure question of fact, is whether the goodwill is that of the foreign manufacturer or the importer. [See Kerly's Law of Trade Marks and Trade Names, Fourteenth Edition, para 15-067, page 456] The Law in this regard has been specifically stated in Kerly's Law of Trade Marks and Trade Names, Thirteenth Edition pg. 600 in the following terms:

- (3) If the goods are expensive or important to the purchasers and not of a kind usually selected without deliberation, and the customers generally educated persons, these are all matters to be considered. Respondent No.1 initiated some proceedings in Australia and United States of America.

We may notice some precedents operating in Australia and United States of America.

AUSTRALIA In Scotch Whisky Association v. Marton De Witt, [(2008) FCA 73] Federal Court of Australia, was concerned with the question as whether the mark GLENN OAKS was deceptively similar to trade marks that, before the priority date of the Application, had acquired a reputation in Australia for scotch whisky and scotch whisky-based liquors as envisaged under Section 60 of the Trade Marks Act, 1995. In that proceeding also Ian Barclay had affirmed an affidavit in favour of respondent No.1-Association. As regards the market (s) and consumer knowledge, it was held :-

- 3. There are two classes of consumer in the scotch whisky and bourbon markets: the involved consumer and the uninvolved consumer. The knowledge of these consumers may be obtained in several ways including labels, customer salespeople, word of mouth and past experiences. Noticing the details involving the manufacture of scotch whisky that it is ordinarily made from barley; it originates in Scotland ; if there are two forms of whisky : blended and malt ; it has various brands and its alcoholic content is at least 40 % by volume. It has further been noticed:

- 35. All the applicant's expert witnesses would fall within this class of consumer. Given the market is quite small, product distinction between scotch whisky and other products is more readily discerned by consumers in this class. They would also be

aware that scotch whisky is sold in bottles and in pre-mixed drinks (scotch whisky products). It was also held :-

8. The purchase of bourbon and scotch whisky products is not one of impulse. The habits of alcohol purchasers differs from those of purchasers of soft-drinks or sports drinks, who are usually teenagers and children. Are, pricing and product quality are all factors that make for more discerning consumers of scotch whisky and bourbon.

39. The uninvolved purchaser buying a present or someone else will usually ask a salesperson, who will assist in product distinction between bourbon products and scotch whisky products.

The salesperson in a liquor store is a means by which consumers become knowledgeable about different products. By contrast, consumers would not typically ask a salesperson what a bottle of coke or a new soft drink tastes like. They would purchase the product and try it themselves.

Consumers would also read product labels, see that scotch whisky is written on the container, and infer that scotch whisky is made in Scotland. The tests which have been laid down therein are as under :-

8. The purchase of bourbon and scotch whisky products is not one of impulse. The habits of alcohol purchasers differs from those of purchasers of soft-drinks or sports drinks, who are usually teenagers and children. Are, pricing and product quality are all factors that make for more discerning consumers of scotch whisky and bourbon.

39. The uninvolved purchaser buying a present or someone else will usually ask a salesperson, who will assist in product distinction between bourbon products and scotch whisky products.

The salesperson in a liquor store is a means by which consumers become knowledgeable about different products. By contrast, consumers would not typically ask a salesperson what a bottle of coke or a new soft drink tastes like. They would purchase the product and try it themselves.

Consumers would also read product labels, see that scotch whisky is written on the container, and infer that scotch whisky is made in Scotland. The Court held that both involved and uninvolved purchasers of bourbon and scotch whisky products could not be confused save and except those who are exceptionally stupid or careless.

As regards deceptive similarity test, it was held :-

6. The key issue under S.60 is a comparison between the GLENN OAKS mark and marks used before its priority date. The approach in Pianotist Co's Application (1906) 23 RPC 774 at 777 is oft cited. There, Parker J said:

You must take the two words. You must judge of them, both by their look and by their sound. You must consider the goods to which they are applied. You must consider the nature and kind of customer who would be likely to buy those goods. In fact, you must consider all of the surrounding circumstances; and you must further consider what is likely to happen if each of those trade marks are used in a normal way as a trade mark for the goods of the respective owners of the marks.

67. That passage was cited with approval in *Cooper Engineering Co. Pty. Ltd. v. Sigmund Pumps Limited* (1952) 86 CLR 536 at 538 and in *Woollen Mills* at 658, where Dixon and McTiernan JJ described the comparative analysis as follows:

In deciding this question, the marks ought not, of course, to be compared side by side. An attempt should be made to estimate the effect or impression produced on the mind of potential customers by the mark or device for which the protection of an injunction is sought. The impression or recollection which is carried away and retained is necessarily the basis of any mistaken belief that the challenged mark or device is the same. The effect of spoken description must be considered. If a mark is in fact or from its nature likely to be the source of some name or verbal description by which buyers will express their desire to have the goods, then similarities both of sound and of meaning play an important part. The usual manner in which ordinary people behave must be the test of what confusion or deception may be expected. Potential buyers of goods are not to be credited with any high perception or habitual caution. On the other hand, exceptional carelessness or stupidity may be disregarded. The course of business and the way in which the particular class of goods are sold gives, it may be said, the setting, and the habits and observation of men considered in the mass affords the standard. Evidence of actual cases of deception, is forthcoming, is of great weight. The High Court of Australia in *Cooper Engineering Co. Pty. Ltd. v. Sigmund Pumps Ltd.*, [ (1952) HCA 15 ] was considering the question as to whether the word **RAINMATER** is deceptively similar to **RAIN KING** in respect of spray nozzles, sprinklers and their parts. It was opined that the same word **RAIN** suffixing the word **MASTER** and **KING** differs in appearance and sound and those marks as a whole make them quite distinct, opining :-

There is not a single common letter in master and in King. The two words are so unlike to the eye and to the ear that counsel for the appellant was forced to rely on the likelihood of deception arising from the two words conveying the same idea of the superiority or supremacy of the article as a mechanism for making a spray similar to falling rain or artificial rain as it was called during the argument. But it is obvious that trademarks, especially word marks, could be quite unlike and yet convey the same idea of the superiority or some particular suitability of an article for the work it was intended to do. To refuse an application for registration on this ground would be to give the proprietor of a registered trademark a complete monopoly of all words conveying the same idea as his trademark. The fact that two marks convey the same idea is not sufficient in itself to create a deceptive resemblance between them,



although this fact could be taken into account in deciding whether two marks which really looked alike or sounded alike were likely to deceive. As Lord Parker said in the passage cited, you must consider the nature and kind of customer who would be likely to buy the goods. A purchaser of spray nozzles and sprinklers would not be likely to be lacking in discernment. He would not be in a hurry to buy. He would not be likely to pay any attention to the presence of a common word like rain in the combination. That prefix already appears in other trademarks for goods of the same description sold on the Australian market such as Rainwell, Rainmaker, Rain Queen, and Rainbow. The learned register was right in holding that the only similarity between the two marks is the common prefix Rain and that this similarity is not sufficient to create a reasonable likelihood of deception when the remaining portions of the marks are so different. (at p539). Our attention has also been drawn to an order of a Delegate of the Registrar of Trade Marks in Re :- Opposition by Southcorp Wines Pty Ltd. to the registration of trade mark application number 749793 in the name of Kemeny s Food & Liquor Pty. Limited for the trade mark, comprising the words DEVIL S RIDGE and device, in Class 33 wherein on the question of similarity of the words DEVIL S LAIR and DEVIL S RIDGE both being brand names of wines, it was observed :-

Despite Ms. Williamson s concerns about wines being purchased with labels unseen on wine lists, or in a hurry at bottle shops, I do not think that there would be a great deal of confusion between the marks here because of the common word in them. I believe that ordinary Australian wine drinkers are becoming increasingly knowledgeable and sophisticated in their drinking habits and take more care with their selection than Ms. Williamson believes they do. The two marks were held to be not substantially identical with, or deceptively similar to each other.

UNITED STATES OF AMERICA In Application of E.I. DuPont DeNemours & Co.[476 F.2d 1357], it was stated:

The Decisional Process The ultimate question of the likelihood of consumer confusion has been termed a question of fact. Coca-Cola Company v. Snow Crest Beverages, Inc., 162 F.2d 280 (1st Cir. 1947), cert. den. 332 U.S. 809, 68 S.Ct. 110, 92 L.Ed. 386 (1947). If labeled a mixed question or one of law, it is necessarily drawn from the probative facts in evidence. As so often said, each case must be decided on its own facts. There is no litmus rule which can provide a ready guide to all cases.

In testing for likelihood of confusion under Sec. 2(d), therefore, the following, when of record, must be considered:

1. The similarity or dissimilarity of the marks in their entirety as to appearance, sound, connotation and commercial impression.

2. The similarity or dissimilarity of and nature of the goods or services as described in an application or registration or in connection with which a prior mark is in use.
3. The similarity or dissimilarity of established, likely-to-continue trade channels.
4. The conditions under which and buyers to whom sales are made, i.e. "impulse" vs. careful, sophisticated purchasing.
5. The fame of the prior mark (sales, advertising, length of use).
6. The number and nature of similar marks in use on similar goods.
7. The nature and extent of any actual confusion.
8. The length of time during and conditions under which there has been concurrent use without evidence of actual confusion.
9. The variety of goods on which a mark is or is not used (house mark, "family" mark, product mark).
10. The market interface between applicant and the owner of a prior mark:
  - (a) a mere "consent" to register or use.
  - (b) agreement provisions designed to preclude confusion, i.e. limitations on continued use of the marks by each party.
  - (c) assignment of mark, application, registration and good will of the related business.
  - (d) laches and estoppel attributable to owner of prior mark and indicative of lack of confusion.
11. The extent to which applicant has a right to exclude others from use of its mark on its goods.
12. The extent of potential confusion, i.e., whether de minimis or substantial.
13. Any other established fact probative of the effect of use. As regards public interest, the learned Judge held:

Whether offered in response to a right-to-use argument or against any of the evidentiary considerations listed above, citation of "the public interest" as a basis for refusal of registration is a bootless cry. [fn8] We need add little to the shattering of that shibboleth in the concurring opinion in *National Distillers*, supra, and in the

dissents in *Ultra-White*, *Zildjian* and *Continental Baking*, *supra*. Writers and scholars listed in those reported opinions have also shown the fallacy in the notion that the Patent Office is somehow guarding the public against confusion when it refuses a registration. After a likelihood of confusion is found (and the case thus decided) citation of the public interest is unnecessary. The Patent Office does have a guardianship role under Sec. 2(d). It lies not in a negative, nay- saying of refusal alone, but in the protection of a mark by registering it and then rejecting later improper attempts, of which the registrant is unaware, to register it or a similar mark. Refusal to register cannot prevent confusion. At most, it might discourage further use. [fn9] Refusal can, under certain circumstances, encourage potential confusion. Absence of a registration of RALLY for auto cleansers in the present case may, for example, lead others to adopt and use that or a similar mark for auto cleansers. Granting a registration will not produce confusion. Use alone can do that and neither we nor the Patent Office can grant or deny a right to use.

Presumably, everything the Patent Office and this court does is in the public interest. We find no place for "the guardianship of the public interest"

as support for refusals to register under Sec. 2(d). Respondent No. 1 herein brought out an action against Majestic Distilling Company in *The Scotch Whisky Association v. Majestic Distilling Company* [958 F.2d 594]. The Dupont test was applied to hold:

Although the dictionary defines Black Watch as a Scottish infantry regiment, SWA produced no evidence that the public would understand it as such. We simply do not believe this creates an issue of material fact, especially considering that the labels clearly indicate the products are made in the United States. Moreover, the labels contain no express reference to Scotland nor were the products ever advertised as being of Scottish origin. More importantly, gin, blended whiskey, and vodka are not characteristically products of Scotland.

Yet again in *Champagne Louis Roederer, S.A. v. Delicato Vineyards*, [148 F. 3d 1373 ] the United States Court of Appeals for the Federal Circuit applying the DuPoint (*supra*) test in a case of wine stated :- Like regulatory agencies or other executive tribunals in their subject areas, the Trademark Trial and Appeal Board has acquired a high level of expertise in evaluating the DuPont factors and counter-weighting these factors to reach its ultimate conclusion -- the likelihood vel non of confusion between competing marks. Nonetheless, the Board too should explain with reasonable precision not only its factual findings but the theory underlying its final conclusion. We need to be told and not be compelled to guess at the theory the Board applied to compare its conflicting findings and decide likelihood of confusion. Without such explanation we are hard-pressed to review independently, as we must, whether the Board's ultimate conclusion is legally correct. In such circumstances, we cannot assure ourselves that the Board did indeed engage in reasoned decision-making. It was observed :-

Because the Board in this case failed to supply a synthesis of its conflicting findings that would enable us to discern the path to its ultimate conclusion, I initially wondered whether its conclusion of no likelihood of confusion in this case was correct. As our per curiam opinion notes, however, it is perfectly lawful for the Board to determine in an appropriate case that one DuPont factor outweighs all others and thus disposes of the question of whether competing marks are confusingly similar. It was not immediately clear to me from the Board's opinion, however, that this is such a case. See *Specialty Brands v. Coffee Bean Distributors, Inc.*, 748 F.2d 669, 671, 223 USPQ 1281, 1282 (Fed. Cir. 1984) (holding that, in some instances, the appearance, sound, and significance of the marks may be dispositive, but the similarity between words in the respective marks is only part of the inquiry into likelihood of confusion). Thus, the difficulty here arises, in my view, because the Board explicitly found that four of the DuPont factors weighed in Roederer's favor, but concluded nonetheless that the dissimilarities of the marks in appearance, sound, significance, and commercial impression weighed dispositively in favor of Delicato. I for one am left wondering how the Board justified its disregard or diminution in weight of the four DuPont factors that it found supported Roederer's Opposition, for the Board has failed to bring together the disparate elements to explain the basis for its conclusion of no likelihood of confusion. INDIA We may also notice some Indian decisions operating in the field. In *Carew Phipson Limited v. Deejay Distilleries Pvt. Ltd.*, [AIR 1994 Bom. 231], the Bombay High Court stated the law thus :- . Even on comparison of the trade mark of the plaintiffs with the defendants' trade mark, it is difficult to hold that the two marks are deceptively similar and are likely to create any confusion in the minds of the customers. It was furthermore observed :-

On comparison of the two marks bearing the aforesaid principles in mind, it is difficult to appreciate as to how there is even a remote possibility of any customer being misled. In my opinion, when a customer goes to a shop to buy the plaintiffs' product, he will not ask for "Duet" or "Gin N Lime" or "Gin N Orange" but he will ask for a "Blue Riband Gin N Lime" or "Blue Riband Tango Gin N Orange". Further having regard to the fact that the customer who is likely to buy the products of the plaintiffs and the defendants will be normally educated and discerning type, it is impossible to hold that there is any likelihood of confusion. It is pertinent to note that the plaintiffs have failed to cite even a single instance showing that there was confusion in the minds of the customers. The absence of evidence of actual deception is a circumstance which definitely weighs in favour of the defendants. It is also necessary to mention that the defendants have produced on record voluminous evidence showing that such premixtures are sold by several other companies under the names "American Extra Dry Gin with Lime Duet Plus", "Forbes Two in One Dry Gin and Lime", "Rainbow Gemlet Gin and Lime" etc. In my opinion, there is no possibility of any confusion in this case at all. Yet again in *Diageo North America, Inc. and another v. Shiva Distilleries Ltd.*, [143 (2007) DLT 321] a learned Single Judge of the Delhi High Court held as under :-

4. So much for the second syllable. As regards the first syllable, I find that there is no similarity between SMIR and BRIS. Although the learned Counsel for the plaintiffs had submitted that all the letters are common except the letter and M in SMIR and the letter B in BRIS, this, to my mind, is of no consequence because the arrangement of the letters is entirely different, as is the phonetic and visual result. I also agree with the submission made by the learned Counsel for the defendant that the intending purchasers of the competing products are literate persons belonging to the affluent class of society and who would be in a position to easily distinguish SMIRNOFF from BRISNOFF particularly when the eyebrow device and the colour combination is sought to be given up by the defendant. The average person with imperfect recollection would have to be from amongst the sub-set of such persons i.e., discerning consumers of vodka. My prima facie view is that the trade mark BRISNOFF is not deceptively similar to, nor can it be confused with the Plaintiffs' trade mark SMIRNOFF. This Court in *Cadila Health Care Ltd. v. Cadila Pharmaceuticals Ltd.*, [ (2001) 5 SCC 73 ] inter alia laid down the law in the following terms :-

5. Broadly stated, in an action for passing-off on the basis of unregistered trade mark generally for deciding the question of deceptive similarity the following factors are to be considered :

(e) The class of purchasers who are likely to buy the goods bearing the marks they require, on their education and intelligence and a degree of care they are likely to exercise in purchasing and/or using the goods. The tests which are, therefore, required to be applied in each case would be different. Each word must be taken separately. They should be judged by their look and by their sound. Must consider the goods to which they are to be applied. Nature and kind of customers who would likely to buy goods must also be considered. Surrounding circumstances play an important factor. What would likely to happen if each of those trade marks is used in a normal way as a trade mark of the goods of the respective owners of the marks would also be a relevant factor. [See *Pianotist Co. Application, Re*, (1906) 23 RPC 774].

Thus, when and how a person would likely to be confused is a very relevant consideration.

Where the class of buyers, as noticed hereinbefore, is quite educated and rich, the test to be applied is different from the one where the product would be purchased by the villagers, illiterate and poor. Ordinarily, again they, like tobacco, would purchase alcoholic beverages by their brand name. When, however, the product is to be purchased both by villagers and town people, the test of a prudent man would necessarily be applied. It may be true that the tests which are to be applied in a country like India may be different from the tests either in a country of England, United States of America or Australia. We however, do not mean to suggest that in a case of this nature, the Heightened Scrutiny Test should be applied as urged on behalf of the appellant. *Bollinger, J. and Others v. Costa Brava Wine Coy., Ltd.* [1960 (1) RPC 16], whereupon Mr. Desai has strongly relied upon, makes such a distinction. *Bollinger, J.* (supra) was a case on demurrer. It was concerned with sale of Spanish Champagne. In that case, in paragraph 4 of the application, the applicant stated:

Then in Para 4 they deny that this name Spanish Champagne is a false description, and they continue: The defendants deny that the said section imposes any statutory duty on the defendants or any statutory duty owed by the defendants to the plaintiffs. Alternatively, if the said section does impose any such statutory duty the same is not actionable at the suit of any of the plaintiffs or at all .

The court proceeded on certain assumptions which are:

(1) the Plaintiffs carry on business in a geographical area in France known as Champagne;

(2) The Plaintiffs wine is produced in Champagne and from grapes grown in Champagne;

(3) the Plaintiffs wine has been known in the trade for a long time as Champagne with a high reputation;

(4) Members of the public or in the trade ordering or seeing wine advertised as Champagne would expect to get wine produced in Champagne from grapes grown there; and (5) The Defendants are producing a wine not produced in that geographical area and are selling it under the name of Spanish Champagne. It was noticed:

The well-established action for passing-off involves the use of a name or get-up which is calculated to cause confusion with the goods of a particular rival trader, and I think it would be fair to say that the law in this respect has been concerned with unfair competition between traders rather than with the deception of the public which may be caused by the Defendant s conduct, for the right of action known as a passing-of action is not an action brought by the member of the public who is deceived but by the trader whose trade is likely to suffer from the deception practised on the public but who is not himself deceived at all. Before the learned Judge, the plaintiffs claimed that their goodwill in the name or description Champagne is injured by the Defendants conduct to which the counsel for the defendants did not contest the correctness of the statement.

The learned Judge, referring to *Mayor of Bradford v. Pickles* [1895 AC 587] and laying down the principles of injuries, noticed the argument of the counsel that before a person can negative the argument of the defence counsel, the person can recover for loss or it must be shown that his case falls within the class of actionable wrongs stating:

But the law may be thought to have failed if it can offer no remedy for the deliberate act of one person which causes damage to the property of another. There are such cases, of course, but they occur, as a rule, when the claims of freedom of action

outweigh the interests of the other persons who suffer from the use which a person makes of his own property. It was in the aforementioned fact situation, the learned Judge proceeded to determine as to whether the description Spanish Champagne is calculated to deceive holding that the plaintiff has a right to bring any action.

J. Bollinger and Others v. The Costa Brava Wine Company Limited (for short Bollinger II ) [1961 (5) RPC 116], however, clearly shows as to what was the test applied. The inference deduced from the evidence adduced was noticed in the following terms:

In particular, it appeared from the evidence that Champagne is a wine specially associated with occasions of celebration so that (in addition to sales to persons who regularly buy wine) it is purchased on such occasions from time to time by many persons who are not in the habit of buying wine for consumption and are not educated in the nature or qualities of different kinds of wine. Holding that Spanish Champagne may lead to ordinary belief into thinking that wine so described was the real thing, it was observed:

Moreover, when the case is tried in an atmosphere of educated persons, many of whom are well acquainted with the qualities of various wines, it may seem absurd that persons should be deceived by what may appear to be a transparent impersonation. It was argued indeed that Champagne was so well known that everyone except a trifling minority of ignorant persons (who were not to be considered, especially in regard to what was termed a luxury article) would not be deceived. It was held:

Champagne, on the other hand, is a French word, and it is wrong if not dishonest to apply it to anything but the product of Champagne, the area round Rheims in France. Others must call themselves Sparkling Moselle, Sparkling Californian White, or what they please. There is some still champagne, a pleasant hard white wine, which you can drink in France, and even some dull still red wine ; and on pages 79-80 of the same book it is said: It mayn t be forgery to describe a wine as, say, Australian Chablis; it is deplorable and shows the maker has no proper pride in his product, but the adjective Australian is a sort of warning . In a previous edition (the 6th) of the same book, the words in the same passage are is a fair warning .

The learned Judge proceeded to hold:

All the lovers of wine who gave evidence before me deplored this practice by which the names of well-known wines have been debased. Some of the witnesses, employed in the more practical side of the wine trade, referred to the convenience of thus using the name of the real wine to indicate a type. But it appeared that a number of the wine merchants who dealt in such wines were careful in their price lists to list such wines under titles or descriptions which showed that they were of a type but not from

the original district. Referring to Kerly on Trade Marks, which we have referred to hereinbefore, the learned Judge said: And it has been said that regard should not be had to unusually stupid people, fools or idiots . Moreover, if the goods are expensive and not of a kind usually selected without deliberation and the customers generally educated persons these are all matters to be considered. (That is also a quotation from the same book.) Various other judicial statements are collected in the judgment of the Assistant-Registrar in *George Angus & Co. s Application* (1943) 60 R.P.C. 29, at pp. 31-32, to which I was referred. In arriving at the said decision, the following was specifically noticed:

Mr. Munday, whose wine business was in Swansea, when asked How far do you think the class of customers that you deal with know the origin of Champagne? replied: Limited. Some would know. The first category I mentioned would know a fair amount about it. In the second category some. But there would be a considerable number in my area who would know nothing about it except that it was a wine they wanted for a special occasion or for something in their life they wanted to celebrate with. They would then want that. That is how much they would know about it- just a general outline . It was furthermore held:

There is thus, in my view, a considerable body of evidence that persons whose life or education has not taught them much about the nature and production of wine, but who from time to time want to purchase Champagne, as the wine with the great reputation, are likely to be misled by the description Spanish Champagne .

Something was said on the subject of the burden of proof. Well, burden of proof is something which may shift in the course of an action. It appears to me that when the plaintiffs have shown that a description used by the defendants contains an untruthful statement that a wine which is not Champagne is Champagne, they have gone some way to establishing their case, and the Court might require to be satisfied that such an untrue statement was so clearly qualified as to be not likely to mislead. But, however, that may be, I am satisfied on the evidence that a substantial portion of the public are likely to be misled. And as Lord Justice Lindley said in *Slazenger & Sons v. Feltham & Co.* (1889) 6 R.P.C. 531 at p. 537: One must exercise one s common sense, and, if you are driven to the conclusion that what is intended to be done is to deceive if possible, I do not think it is stretching the imagination very much to credit the man with occasional success or possible success. Why should we be astute to say that he cannot succeed in doing that which he is straining every nerve to do? Bollinger test was not only applied in *Warnick (Erven) Besloten Vennootschap v. J. Townend & Sons (Hull) Ltd.* [1980 RPC 31], but in all the case which have been referred to by Mr. Desai to which the different High Courts of India as also to which we have taken note of.

However, tests laid down in Australia and United States in respect of self-same goods are noticed hereinbefore are somewhat different.



But then we are concerned with the class of buyer who supposed to know the value of money, the quality and content of Scotch Whisky. They are supposed to be aware of the difference of the process of manufacture, the place of manufacture and their origin. Respondent No.3, the learned Single Judge as also the Division Bench of the High Court, therefore, failed to notice the distinction, which is real and otherwise borne out from the precedents operating in the field. [See - Kerly's Law of Trade Marks and Trade Names, Thirteenth Edition pg. 600].

Had these tests been applied the matter might have been different. In a given case probably we would not have interfered but we intend to do so only because wrong tests applied led to a wrong result.

So far as the applicability of the 1999 Act is concerned, having regard to the provisions of Sections 20(2) and 26(2), we are of the opinion that the 1999 Act will have no application.

For the reasons aforementioned, the impugned judgment is set aside. The appeal is allowed. No costs.