

Fritco-Lay India & Anr. vs Uncle Chipps Private Limited on 26 May, 2000

Equivalent citations: 2000VAD(DELHI)874, 2000(2)ARBLR519(DELHI), 86(2000)DLT31, (2000)126PLR57, AIR 2000 DELHI 366, 2000 CLC 1682 (DEL), (2000) 86 DLT 31, (2000) 126 PUN LR 57, (2000) 2 ARBILR 519

ORDER

S.K. Agarwal, J.

1. ADMIT. We heard Mr. P. Chidambaram, learned Senior Advocate for the appellant and Dr.A.M. Singhvi, learned senior advocate for the respondent and were taken through the record.

2. This appeal by appellants (plaintiffs) is directed against the order dated 17th September, 1999 passed by learned Single Judge of this Court on an application filed under Order 39, Rules 1 and 2 of the Code of Civil Procedure, 1908 (for short CPC) holding that the respondent (defendant) was neither guilty of piracy nor copying of the disc of appellants being distributed as a free collectible with their product "Lays and Cheeto Chips", nor there was any unfair or dishonest competition on the part of the respondent, in distributing such discs with their product 'Uncle Chipps'; and only restraining the respondent from distributing free collectibles, in the shape of round disc having groove/notch or grooves/notches.

3. The focus of the present case is "advertising/promotional campaign" on T.V. under which the plaintiffs offered a TAZO disc inside each packet, with which children could play some games, claimed to be unique to them.

4. Appellants (plaintiffs) filed a suit seeking a decree of permanent injunction restraining the respondent, their subsidiaries, associate companies, affiliates, agents, principal officers and servants or anyone else acting for and on their behalf from distributing free collectibles with their products in the form of "circular discs with/without grooves" or any other name which is identical or deceptively similar to the plaintiffs' patented disc 'TAZO', thereby amounting to passing off such discs as that of the plaintiffs' or as connected with the plaintiffs' resulting in dilution of their brand value in the circular discs, and seeking further injunction restraining the defendants from using such discs, which were substantial reproduction or a colourable imitation of TAZO discs, thereby amounting to infringement of the plaintiffs' copyright or in any other manner unfairly competing with the plaintiffs by illegally appropriating the plaintiffs' marketing methods.

5. In the suit appellant No.1 claimed to be a subsidiary of PepsiCo India Holdings Ltd, which in turn is a subsidiary of appellant No. 2 PepsiCo Inc., a corporation registered under the laws of the United States of America; they are engaged in the manufacture, marketing and trade of beverages, snack

products etc., including Potato chips sold under brand names "Lays and Cheetos" and had launched a promotional campaign by giving "free collectibles" in the form of round patented discs with/without grooves marked TAZO with each packet of chips. These discs TAZO were registered under U.S. Patent No. 5672087, dated 30th September, 1987, the drawings of which were reproduced in the patent while recording it as an invention. These discs are circular and have grooves; one big groove can be utilised for making other circular disc fly; it is 4.5 cms in diameter and 1.0 mm thick. These discs can be used for playing certain games, two of which are: (a) connect 'N' Fly; and (b) Stack, Whack & Win. Under the first game the two Tazos (discs) are connected in the special bigger grooves made for the purpose like a catapult and when one of the TAZO is pulled the other TAZO could fly. While in the other game a pile of TAZO is made with pictures face down with player taking turns to whack the pile with the striker. Characters are printed on one side and trade mark printed on the other side. These are introduced in the market in series (for short TAZO discs).

6. The campaign involved giving of a free TAZO disc which was kept inside every packet of snack food. These were having various cartoon figures and comic characters which were favourites of kids. Extensive advertisement and publicity was mainly directed at young children so as to induce them to collect the TAZO discs which would lead to boost the sales of the plaintiffs' products.

7. It was further pleaded that this type of promotional campaign for promotion of their snack food products was prevalent in several countries throughout the world since 1992-93 : that in India this campaign was launched in September, 1998 with great success; that the respondents were their competitor and business rival, manufacturing and selling variety of snack products including potato chips being marketed under the brand name "UNCLE CHIPPS"; the plaintiffs came to know that respondent (defendant) in order to boost their sales was intending to launch a promotional campaign distributing discs marked AMAZZO as free collectibles with its product "Uncle Chipps" which were identical to the plaintiffs TAZO discs. It was thus pleaded (i) that the respondent was attempting to ride on the hard built reputation of appellants which amounts to an act of piracy and that it was trying to encash upon the reputation and goodwill of the appellants by distributing free discs by copying the discs and their feature marks (ii) that the distribution of the "free discs" by the respondent was an attempt on their part to infringe appellants' copyright in the said discs and it was also an attempt to pass off respondent's products as those of the appellants and (iii) that distribution of the disc under the mark AMAZZO was an unfair competition on the part of the respondent inasmuch as not only the AMAZZO discs being distributed were similar to TAZO but there was also a phonetic similarity between the two marks.

8. The respondent filed written statement pleading that there was no allegation of infringement of the alleged trade mark since TAZO was neither registered under the Trade & Merchandise Marks Act, 1958, nor under the Designs Act or Copyright Act, 1957. Therefore, the suit was not maintainable. It was pleaded, that it was not a case of passing off as there were radical differences between the two promotional items: that there cannot be any passing off in respect of the promotional campaign where no passing off is alleged in respect of the main product namely, "packets of potato chips": that the name AMAZZO was an adaptation of the word 'Amazing' and arrived at by telescoping the Hindi phrase "Aao Maza Lo", consciously chosen so as to rhyme with the catchline of the defendants' advertising campaign "Aao Maza Lo". It was also pleaded that there

were radical phonetic and visual differences between promotional marks AMAZZO and TAZO; the practice of offering such promotional items/gifts including discs to children owed its origin to the well established concept of 'POG's' of 'milkcap' games.

9. It was further pleaded that the respondent was amongst the first in the country to introduce packaged potato chips in airtight poly bags in the year 1987 and had established immense reputation and goodwill in the market over the years; the product of the respondent was being marketed under the name and style of "Uncle Chipps" and had become a household name in India and it was rated by "A & M" Magazine in their survey as amongst the top 30 most admired marketing companies in India for the past two years, and that the respondent's company was pioneer in several other marketing and sales promotion schemes; in order to popularise their brand "Uncle Chipps", the respondent had been giving free collectibles in the form of gifts including pen and diary, lunch box, tatoos, crystal jar etc. These promotional schemes had been always successful and added to their brand equity and strength to its trade name "Uncle Chipps".

Learned single Judge declined to grant complete adinterim injunction while disposing of the application under Order 39 Rules 1 and 2, CPC and held that the respondent was neither guilty of piracy nor copying of the disc of appellants for distribution as a free collectible with their product, nor there was any unfair or dishonest competition on their part by distribution of such disc. However, respondent was only restrained from distributing a free collectible in the shape of TAZO disc having grooves/notch or grooves /notches etc with its product. This order is under challenge in this appeal.

10. Learned counsel for the appellants argued that despite a finding in their favour that the appellants have a patent in TAZO disc and could claim restraint against respondent -defendant for distributing grooved discs yet, a complete injunction in their favour was not granted. Learned counsel for the respondent argued to the contrary.

11. Perusal of the copy of U.S. Patent No.5672087, dated 30th September, 1987 in respect of the TAZO discs filed by the appellants shows that the specifications of this disc in detail were given at the time of getting the said patent. Relevant portion of the patent document reads as under :-

"Various other types of discs or chips are known in art form the popular "Frisbees" or throw plates to games of chips, discs and sets of blocks which can be assembled to produce several different structures; many of these discs of chips had earlier been patented".

12. Thereafter several earlier patents of discs in the other countries were also noticed, and under the heading "summary of invention "it was recorded.

"The present invention refers to flat pieces preferably discs or chips of circular shape made of flexible material such as plastic. each disc or chip has series of slots or notches that are spaced by equal distances alongside circumferential edge and extend radically towards the centre of the disc. One of these slots or notches is wider, longer

and has a different configuration from the remaining slots which are similar and have a Ushape. This different configuration allows the launching of the disc or chips into the air thus providing the pieces of this invention with a function which is different, more advantageous, and not found in the inventions of the prior art."

13. The patentee cannot get more than what he had claimed. The patent itself took note of the fact that there were several other patents of the discs already existing and the TAZO disc was patented because it was found to have different forms of the grooves. It mentions about one Italian Patent describing circular polygonal discs with slots which could be assembled by placing the discs perpendicular to each other and placing the slot of one disc within the slot of a second disc, and so on. Three earlier patents in respect of different type of circular discs having different specifications and with which other games could be played were also noticed.

14. To repeat the date the patent was granted for circular disc known as TAZO, as there were large number of circular discs in market therefore, appellants cannot claim copyright in the mould or drawings of every other type of circular discs which is not having configuration of TAZO disc. The appellants may have a copyright in the designs, moulds and patented grooved circular disc but they cannot claim any copyright in respect of each and every type of moulds and drawings of discs, which do not have specifications mentioned in the said patent.

We may mention here that as per the settled law there can be no copyright on an idea or themes etc. The violation, if any, in such cases can be only to the form of expression. The same idea can be developed in a different manner. Source being common similarities are bound to occur. It is only when the similarities are fundamental or substantial, which at once lead to the conclusion of violation of a copyright, that a finding of piracy can be recorded. In such cases the allegations of piracy must be proved by a clear and cogent evidence.

15. Supreme Court in R.G. Anand Vs. Delux Films & Others, after considering several earlier judgments, on the subject, laid down the following principles relating to copyright :-

"1. There can be no copyright in an idea, principle, subject matter, themes, plots or historical or legendary facts and violation of the copy right in such cases is confined to the form, manner and arrangement and expression of the idea by the author of the copyrighted work.

2. Where the same idea is being developed in a different manner, it is manifest that the source being common, similarities are bound to occur. In such a case the courts should determine whether or not the similarities are on fundamental or substantial aspects of the mode of expression adopted in the copyrighted work. If the defendant's work is nothing but a literal imitation of the copyrighted work with some variations here and there it would amount to violation of the copyright. In other words, in order to be actionable the copy must be a substantial and material one which at once leads to the conclusion that the defendant is guilty of an act of piracy.

3. The surest and safest test to determine whether or not there has been a violation of copyright is to see if the reader, spectator or the viewer after having read or seen both the works is clearly of the opinion and gets an unmistakable impression that the subsequent work appears to be a copy of the original.

4. Where the theme is the same but is presented and treated differently so that the subsequent work becomes a completely new work, no question of violation of copyright arises.

5. Where, however, apart from the similarities appearing in the two works there are also material and broad dissimilarities which negative the intention to copy the original and the coincidences appearing in the two works are clearly incidental no infringement of the copyright comes into existence.

6. As a violation of copyright amounts to an act of piracy it must be proved by clear and cogent evidence after applying the various tests laid down by the case law.

7. Where, however, the question is of the violation of the copy right of stage play by a Film Producer or a director the task of the plaintiff becomes more difficult to prove piracy. It is manifest that unlike a stage play a film has a much broader prospective, wider field and a bigger background where the defendants can by introducing a variety of incidents give a colour and complexion different from the manner in which the copyrighted work has expressed the idea. Even so, if the viewer after seeing the film gets a totality of impression that the film is by and large a copy of the original play, violation of the copyright may be said to be proved."

16. Applying the above principles it is clear the appellants have a prima facie case only in respect of the designs and grooves of discs having patented slots and notches and not in respect of any other disc having different slots or notches. The appellants cannot claim an injunction against any other party which intends to manufacture or market or distribute other types of circular discs.

17. Next it was argued that the appellants have exclusive right in advertising/promotional campaign in India namely giving/distributing of a free TAZO disc with their product was unique to their campaign and that unlike other promotional campaign the TAZO disc is at the core of the campaign. The entire effort of the appellants has been to build a mark for its products surrounding this disc and that advertising campaign required protection in a passing off action. It was argued that the descriptive material, such as slogans or visual images and the advertising campaigns is associated with the appellants' products and has become part of the good will of their product. It was argued that as this idea belongs to the appellant, therefore, the respondents should have been restrained from copying the idea/promotional campaign. Reliance was placed on two decisions one in R.C. Products Pty., Ltd., Vs. S.C. Johnson Pty. Ltd., 26 IPR 98 (Federal Court of Australia) and the other in Ellida Gibbs Vs. Colgate Palmolive 1983 FSR 95 (U.K.).

18. Material placed on record by the respondents reveals that giving of a circular disc as a free collectible is quite common all over the world. It shows that the origin of the circular disc started sometimes during the World War II with the collection of milk caps by the children, who used to play common game with them on the lines of stack and win. This was later followed to promote a new drink called "Passion Orange Guava Juice" by using the milk caps. On the milk caps, the work POG used to be written. Such caps or circular discs came to be known as 'POG's. Kids began collecting them and using them to play a game related to marbles. The object of the game was to collect the most 'POG's possible from the other people playing the game. The 'POG's then started coming in metal or plastic and weighed anywhere from a couple of ounces to half a pound. One of the reasons, the discs had become popular was they were rather inexpensive. Most of the kids had their favourite brand of 'POG's to buy. The 'POG's then started having Disney characters on them and they became popular and attractive amongst the younger kids and collectors.

19. Material placed on record further shows that the free gifts are given by several companies including Coca Cola, Kellog's and Nestle. Giving of these free collectibles owes its origin to the concept of "milk caps games" and the concept of 'POG's. In fact the survey report filed by the appellant itself mentioned this fact at pages 121, 134, 142, 144, 169, 180, 197, 223 to 228. Therefore, merely giving of a free disc would not amount to infringement of a copyright. This idea cannot be claimed to be original to the appellants.

20. In the case R.C. Products Pvt. Ltd., (Supra) relied upon by learned counsel for the appellant the fact situation was entirely different. There was adaptation of the elements of advertisement or get-up by the respondent and there was material on record clearly suggesting that the subsequent TV Advertisement was a copy of the earlier one. Even the presenter of the advertisement was the same, which is not so in this case. In fact, there is no allegation or pleadings regarding the adaptation of any element of advertisement of the appellants by the respondent. Facts of the other case (Ellida Gibbs's case (supra), are also different. In that case tree theme was copied for main product which is not the case here.

21. The games and uses of the TAZO discs given by the appellant are also entirely different from the AMAZZO discs offered by the respondents. Only two games could be played with the TAZO disc being offered by appellants whereas the disc being offered by the respondents were meant to be used as fashion accessories, decorative items and for playing games based on holes. Further the advertisement/promotional elements of the two commercial advertisements, appeared to be entirely different when same were shown in the court, during course of hearing.

22. The appellants can have no exclusive right in advertising/promotional campaign i.e. giving/distributing of a free circular disc with their product. Even otherwise the promotional campaign involves an idea which cannot exclusively belong to the appellant. Therefore, we find no merit in the contention.

23. Next it was argued that the word AMAZZO is deceptively similar to the word TAZO and there is both visual and phonetic similarity. Learned counsel placed reliance on a large number of decisions relating to the use of composite words, where the respondents were restrained from using visually of

phonetically similar mark on their products such as 'Nagraj and Nagesh' (comics) in Raja Pocket Books Vs. Radha Pocket Books, 1997 PTC 355; 'Cleanzo and Praveen Cleanjo' (soaps) in Metropol Vs. Praveen Industries 1997 PTC 779; 'Hiralal and Himatlal' (Bidis) in Hiralal Vs. Ganesh Trading Company, : 'Dubble and Bubbles' (soaps) In Tata Oil Mills Co., Vs. Wipro Ltd., AIR 1986 Delhi 345; 'Nirex and Mirex' (chappals) in Nirex Inds. Vs. Manchand Footwear, 1984 PTC page 97; 'Lakshmandhara and Amritdhara' (ayurvedic medicine) in Amritdhara Pharmacy Vs. Satyadeo Gupta, and 'Ambal and Andal' (snuff) in KRCK Chettiar Vs. Shri Ambal & Co., .

24. It was argued that the learned Single Judge misunderstood the nature of the grievance and compared 'Uncle Chipps' with 'Lays and erroneously concluded that the word TAZO and AMAZZO have completely different pronunciation and it would cause confusion among the persons who purchased the product despite respondents having admitted phonetic similarity in suffix of the two words.

25. Learned counsel for the respondent argued that there was no phonetic similarity between the words AMAZZO and TAZO and all cases relied upon by the appellants pertain to category where main product was the same and there was identity in the trade dress, getup and label of the product apart from the phonetic similarity. It was further argued that there was neither any phonetic similarity in product traded in or sold by the parties nor there was any similarity between the getup and the trade dress of the two products, thus there was no likelihood of deception of the targeted customers. Reliance was also placed on several cases having phonetically similar marks yet no injunction was granted. One such case is Borachem Industries Pvt. Ltd., Vs. Fabril Gasosa, Compal Panjim, 1991 PTC 274 where the composite words used were 'Bonila and Bonita'.

26. We have considered the rival contentions. Section 2(d) of the Trade and Merchandise Marks Act, 1958 defines the word deceptively similar. A mark shall be deemed to be deceptively similar to another being it so nearly resembling the other mark as is likely to deceive or cause confusion. For deciding the question of deceptive similarity, the courts have laid down broad factors to be considered. Reference can be made to M/s. Hiralal Parbhudas Vs. Ganesh Trading Company & Others , wherein it has been held that :

(a) Marks are remembered by general impressions or by some significant detail rather than by a photographic recollection of the whole.

(b) Overall similarity is the touchstone.

(c) marks must be looked at from the first impression of a person of average intelligence and imperfect recollection.

(d) overall structure, phonetic similarity and similarity of idea are important and both visual and phonetic tests must be applied.

(e) marks must be compared as a whole, microscopic examination being impermissible and.

(g) the broad and salient features must be considered for which the marks must not be placed side by side to find out difference in design.

It was further held that:

In addition, the nature of the commodity, the class of purchasers, the mode of purchase and other surrounding circumstances must also be taken into consideration.

27. Therefore, reference to every case cited by the parties would not be of any real assistance. Questions which arise for consideration in each case are questions of fact. Reference in this regard can be made to the following observation of the Supreme Court in Amritdhara Pharmacy's case (supra), :

"The Act does not lay down any criteria for determining what is likely to deceive or cause confusion. Therefore, every case must depend on its own particular facts, and the value of authorities lies not so much in the actual decision as in the tests applied for determining what is likely to deceive or cause confusion."

28. Applying the above principles it is clear that one of the important factors to be considered, is the class of purchasers. Mere look at the promotional campaign reveals that both names i.e., TAZO or AMAZZO are written in English. Thus, the promotional campaign is meant to attract urban elite children of middle class or upper middle class families. The children who are well versed in English and can certainly distinguish between TAZO and AMAZZO and as such there is no likelihood of confusion. In this regard we are also fortified by the observations made by a division bench of this Court reported as Kellogs and company Vs. Praveen Kumar 1996 Vol. 2 Apex Decisions 465. The court after considering several cases, rejected the plea of similarity or likelihood of confusion or plea of fraud based on imperfect memory and declined to interfere with the order of the learned Single Judge. In fact, in Amritdhara's cases (supra) relied upon by the appellants. Supreme Court considered the persons who were likely to purchase that Ayurvedic Medicine would be both villagers townfolk, literate as well as illiterate and observed as under :-

"where the trade relates to the goods largely sold to illiterate or badly educated persons it is no answer to say that a person educated in Hindi language would go by the etymological or ideological meaning".

29. In the present case, persons who would go to purchase the snacks are not likely to be illiterate or badly educated persons. They would be those who belong to a class, who are fairly educated in English and would be able to distinguish between TAZO and AMAZZO, there are several other dissimilarities. As noticed above the characters printed on each of the discs are different. Discs are contained inside the product packets which are admittedly different.

30. The word AMAZZO has three distinct syllables A+ME+ZO and TAZO has two syllables TA+ZO. Lip and the tongue formation of these two words is quite different. therefore, we find that there is no

likelihood of confusion on account of these two words and the class of people who would be normally purchasing the product in question. Lastly it was argued that the adaptation of the word AMAZZO and adoption of the idea of promotional campaign subsequent to and their fall in the market share in December, 1998 as revealed in the survey, amounted to dishonest and unfair competition.

31. From the pleadings and material it appears that the respondent (Uncle Chipps) was the first company in India to start manufacture and sale of potato chips in the year 1987. They adopted several marketing innovations and marketing campaigns as well as giving of free gifts along with the packets of potato chips since 1987. And no passing off with regard to the goods sold or services provided in the course of trade is even alleged, therefore, cannot be passing off with regard to something given free and it cannot also amount to unfair competition. Furthermore, there cannot be passing off in respect of a disc which is not visible to the customer when he goes to a shop to purchase a packet of Potato Chips, before the stage of alleged passing off is reached, the customer has to cross the barrier of the packet of Potato Chips which admittedly are absolutely different. Reference can be made to the law laid down in Hospital World Trade Mark 1967 RPC 595 and Giddeons International 1991 RPC 141.

32. Law relating to similarity in trade dress is now well settled. The Privy Council, in Cadbury Schweppher Pty. Ltd. Vs. The Pub Squash Co. Ltd. (1981) RPC 429 upheld judgment of Powell J of the Supreme Court of New South Wales. In that case, the plaintiffs were selling lemon squash under the name 'Sole' in greenish yellow cans with a medallion type label. The defendants launched a lemon squash called 'Pub Squash' and the label was of a medallion type bearing the words "Pub squash" on it. The cans were of the same size and shape and colour as those of plaintiff. The plaintiff brought the proceedings on the ground of passing off, unfair trade practice etc. The same was dismissed. It was held that the defendants had sufficiently differentiated their product by their 'name'. On appeal to the Privy Council, it was observed that overemphasize on advertised description of a product might indeed lead to stifling of competition. It was held:-

"But competition must remain free, and competition is safeguarded by the necessity for the plaintiff to prove that he has built up an 'intangible property right' in the advertised description of his product, or, in other words, that he has succeeded by such methods in giving his product a distinctive character accepted by the market. A defendant, however, does no wrong by entering a market created by another and there competing with its creator, The line may be difficult to draw; but, unless it is drawn, competition will be stifled."

33. Their Lordships then applied the said test and observed that one has to see whether the consuming public would be confused or misled by the get up, the formula or the advertising of the respondent's product, into thinking, that it was the appellant's dissimilar product. On the facts, it was held that the public would not be so deceived. We are not persuaded to hold that the respondents are indulging in any unfair competition.

34. Even otherwise it is settled law that while hearing appeal against the discretion exercised by learned single Judge while deciding the application under Order 39 Rules 1 and 2 of the CPC, the appellate court is not expected to substitute its own discretion except where the discretion is shown to have been exercised arbitrarily, capriciously or perversely or against the settled principles of law. In *Wander Ltd. and Another Vs. Antox India Private Ltd.*, 1990 (Supp) SCC 727, it was held that an appeal against exercise of discretion is an appeal on principle. Appellate Court will not reassess the material and seek to reach a conclusion different from the one reached by the court below, if the one reached by that court was reasonably possible view. The appellate court would normally not be justified in interfering with the exercise of discretion under appeal solely on the ground that, if it had considered the matter at the trial stage, it would have come to a different conclusion.

35. The whole question in these cases is whether the thing taken in its entirety is such that in the ordinary course of things a person with reasonable apprehension and with proper eyesight would be deceived. Admittedly, getup, tradename and trade dress of the two products to be sold are different, the packet of the plaintiff is being sold in the name of 'Lays' and the product of the defendant is known as 'Uncle Chipps'. There is absolutely no similarity whatsoever in the packets of the chips being sold by the appellant and the respondents.

36. As noticed above on the basis of respondent's promotional campaign AMAZZO the appellants have not been able to make out a case of either of piracy or of copying their disc TAZO or attempting to pass off their product as that of the respondent or of unfair competition.

37. However, before we part with the judgment we would like to make it clear that any observation made by us will not prejudice the trial.

38. For the foregoing reasons, we find no merit in the appeal and the same is dismissed no order as to costs.