

MANU/DE/0162/2010

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IN THE HIGH COURT OF DELHI

I.A. Nos. 11230/2007 and 13618 and 13619/2008 in CS(OS) No. 1459/2007

Decided On: 14.01.2010

Rana Steels **Vs.** Ran India Steels Pvt. Ltd.

Hon'ble Judges/Coram:

Manmohan Singh, J.

Counsels:

For Appellant/Petitioner/plaintiff: S.K. Bansal and Akshay Srivastava, Advs

For Respondents/Defendant: Amarjit Singh and Dhruv Bhagat, Advs.

Case Note:

Contempt of Court - Violation of orders - Section 10 & 12 of Contempt of Court Act, 1971 -plaintiff filed an interim application under Order XXXIX Rule 2A read with Section 10 & 12 of Contempt of Court Act for violation of the ex-parte ad-interim injunction - Hence, this Application - Whether, mark Ran India as a trade mark used by Defendant amounts to violation of orders - Held, plaintiff had sought permanent injunction against the Defendant from using the trade mark/label Ranator label, or any other identical with or deceptively similar mark/label in relation to their impugned goods - When both orders were read together, it was clear that while confirming the interim orders, the relief of deceptively similar mark was granted in favour of plaintiff - Therefore, Defendant was not entitled to use the deceptively similar mark, otherwise, the purpose of passing the order would be defeated -- Thus, defendant was held guilty of contempt of court's orders - Application allowed.

Ratio Decidendi:

"If dishonest intention of infringer is proved then he will be held guilty for contempt of court."

JUDGMENT

Manmohan Singh, J.

1. Vide this order I shall dispose of the three applications filed by the plaintiff, the details of which are given as under:

- a) IA No. 11230/2007 under Order XXXIX Rule 2A read with Section 10 & 12 of the Contempt of Court Act filed by the plaintiff.
- b) IA No. 13619/2008 under Order XXXIX Rule 2A read with Section 10 & 12 of the Contempt of Court Act filed by the plaintiff.
- c) IA No. 13618/2008 under Order XXVI Rule 9 and Order XXXIX Rule 7 CPC read with Section 151 CPC filed by the plaintiff.

2. The brief facts are that the plaintiff filed the suit for permanent injunction to restrain infringement of trademark, passing off rendition of accounts, damages etc. in respect of trademark RANA registered vide application No. 648697B on 14.12.1994. Along with the suit, the plaintiff filed I.A. No. 9165/2007 under Order XXXIX Rule 1 & 2 read with Section 151 CPC praying for ex-parte ad-interim injunction against the defendant.

3. That vide order dated 14.8.2007 an ex-parte order of injunction was passed in the following terms:

In view of the averments made in the plaint and submissions made by the learned Counsel for the plaintiff, I am of the view that the plaintiff is entitled to ex-parte orders. Accordingly, till the next date of hearing the defendants by itself or through their proprietors, partners, directors, agents, representatives, distributors, assigns, heirs, successors, stockists and all other acting for and on their behalf shall refrain from using, selling, advertising, displaying or through the visual, audio, print mode or by any other mode manner or dealing in or using the trademark RANA or any other identical or deceptively similar mark in respect of the impugned goods in relation to metal building materials, pipes, tubes of steel which include rods, flats, pipes, angles and building steels made of mild steel and related/allied products.

4. Thereafter the defendant filed the written statement and reply to the injunction application. The defendant also filed the application under Order XXXIX Rule 4 CPC being IA No. 9944/2007 for vacation of the ex-parte ad-interim injunction. During the pendency of the hearing of the interim applications, the defendant also filed an application being IA No. 1330/2008 under Section 151 CPC praying that the defendant may be permitted to sell the existing stock of 3,000 metric tonnes of steel under the trademark RANATOR on such terms and conditions as the Court may deem fit and proper.

5. All the pending applications were heard by the Court and by order dated 25.3.2008 the ex-parte order of injunction was confirmed till the final disposal of the suit with the modification that the injunction would be only in respect of steel rolled products CTD bars, angles, flats, rounds, channels and girders falling under class 6. On the same date the defendant's application being IA No. 1330/2008 for disposing of the existing stock was also disposed of being infructuous in view of the order passed in I.A. No. 9165/2007 and I.A. No. 10779/2007.

6. Prior to dismissal of the interim application, the plaintiff also filed I.A. No. 11230/2007 under Order XXXIX Rule 2A read with Section 10 & 12 of Contempt of Court Act for violation of the ex-parte ad-interim injunction by stating that despite the grant of the ex-parte ad-interim order, the defendant did not stop using the trademark RANATOR which has been displayed on its website in respect of TMT and CTD Bar, building steel etc. Along with the application, the plaintiff also filed the downloaded printout from the defendant's website in support of its submissions. Although the said application is still pending, after passing of the interim order now the plaintiff has filed two more applications being I.A. No. 13619/2009 under Order XXXIX Rule 2A read with Section 10 & 12 of Contempt of Court Act and I.A. No. 13618/2008 under Order XXVI Rule 9 and Order XXXIX Rule 7 CPC for appointment of Local Commissioner respectively.

7. The main averments in these applications are that the defendant, after confirmation of the interim order, adopted the trademark Ran India in respect of steel rolled

products, CTD bars, angles, flats, rounds, channels and girders which is deceptively similar to the trademark of the plaintiff Rana/Ranator and such use by the defendant in relation to goods as well as on its website amounts to violation of the orders dated 14.8.2007 and 25.3.2008 passed by this Court. A prayer has been made to initiate contempt proceedings against the Directors of the defendant and particularly its Executive Director Sh. R. Nagrajan as well as for attachment of properties of the defendant.

8. In the third application (for appointment of Local Commissioner), it is mentioned that despite the dismissal of the defendant's application being IA No. 1330/2008 to dispose of the existing stock lying at the premises of the defendant, it has come to the knowledge of the plaintiff from the trade that the defendant has surreptitiously started selling a stock of 3,000 metric tonnes of steel under the trademark Ranator which is in gross violation of interim order dated 25.3.2008.

9. The defendant has filed the reply in respect of the two applications being IA No. 13619/2008 (under Order XXXIX Rule 2A CPC) and IA No. 13618/2008 (under Order XXVI Rule 9 CPC). In the replies filed by the defendant, it is submitted that the plaintiff has in a mala fide manner sought to introduce a new cause of action against the use of trade mark Ran India by way of the present application, as the said mark was not the subject matter of the suit. It is contended in the reply that the plaintiff had full knowledge about the use of trade mark Ran India by the defendant at the time of institution of the suit, still no prayer was sought by the plaintiff in the plaint.

10. It is alleged by the defendant that the plaintiff while seeking an interim injunction against the use of the trade mark Ranator did mention about the use of the company's name Ran India Steel Pvt. Ltd., now the plaintiff is not entitled to initiate contempt action or to make a grievance in respect of the use of the mark Ran India which is a part of the defendant's corporate name. An additional plea has been raised that the said trade mark Ran India is being used by the defendant in the course of the trade since 1995 to the knowledge of the plaintiff and it has a right to use the trademark RAN INDIA in respect of its goods. It is also denied by the defendant that the mark RAN INDIA is deceptively similar to the trademark Rana/Ranator as alleged by the plaintiff. The plaintiff has no cause of action nor such cause of action was made out in the plaint pertaining to the use of the trademark Ran India. Therefore, the application filed by the plaintiff is not maintainable.

11. It is denied by the defendant that it has committed any contempt of the orders passed by the Court. It is stated that the defendant has a right to use the trade mark Ran India. It is also alleged that the defendant has fully complied with the orders passed by the Court.

12. As far as the existing stock of 3,000 metric tonnes of steel which was lying in its power and possession at the time of passing of the ad-interim injunction is concerned, the defendant has denied that the defendant has surreptitiously started selling the said stock under the trade mark Ranator. It is argued that the defendant has obeyed the order dated 25.3.2008 and the defendant has not manufactured or sold any goods under the trade mark Ranator but it is not denied that the stock of 3,000 metric tonnes of steel was in possession of the defendant and the same was recycled by melting and re-used for the manufacturing of the goods. Therefore, the question of violation of order does not arise. Therefore, it is not necessary to pass any order for appointment of Local Commissioner otherwise the said appointment will cause damage to the defendant's reputation as it will intimidate its dealers. Since no stock or material bearing the trade

mark Ranator is in the possession of the defendant therefore, no useful purpose will be served by the visit of the Local Commissioner.

13. The learned Counsel for the defendant has argued that in fact the said stock was recycled and disposed of after passing of the interim orders. On the other hand, the argument of the learned Counsel for the plaintiff is that 3,000 metric tonnes of steel was of such nature that it could not have been recycled under any circumstances and the plaintiff has, under the said circumstances, reason to believe that the defendant might have sold the stock under the impugned trademark Ranator. The second submission of the learned Counsel for the plaintiff is that since the defendant's application was pending for seeking the direction to dispose of the stock in this Court, there was no occasion for the defendant to dispose of the stock without the permission of the Court. Prayer has been made in the application that a Local Commissioner be appointed to visit the premises/godown/manufacturing unit of the defendant where the existing stock of the defendant is lying at the address given in the memo of parties. The Local Commissioner also be permitted to make the inventory of the existing stock, if any, under the trademark Ranator and to sign the account books including ledger, cash register, stock register, invoices, books etc. of the defendant.

14. The learned Counsel for the plaintiff has not seriously argued the earlier contempt application being IA No. 11230/2007 which was filed after passing of the ex-parte order due to the reason of confirmation of the ex-parte orders, in view whereof no orders are necessary to be passed in the application.

15. Let me now examine the rival submissions of the parties. The defendant Ran India Steel Pvt. Ltd. was admittedly incorporated on 25th May, 1995 and there is sufficient material on record to show that this company has been carrying on its business regularly in its products, it appears there is no averment made in the written statement that the company has ever used the mark Ran India as a trade mark. The case of the defendant has been that its company's name is Ran India Steels Pvt. Ltd. and it has been using the composite mark Ranator.

16. Similarly in para 15 of the plaint, the plaintiff has specifically mentioned that the defendant M/s Ran India Steels Pvt. Ltd. is engaged in the trade and business of manufacturing and marketing of mettle, building material, pipes and tubes of mettle and the defendant intends to use the mark/label Ranator. It appears from the order dated 25.3.2008 that during the course of hearing of interim application it was mentioned by the Counsel for the plaintiff about the use of trade mark Ran by the defendant by making a submission but in the absence of pleadings in the plaint as well as the written statement, it was mentioned that the defendant was using the trade mark Ranator which is also claimed by the defendant. The Court even doubted the date of user claimed by the defendant and has given its finding in this regard in para 33 of the order which reads as under:

These photographs reveal that the expression "(Rana Tor Tested)" is apparently superimposed and in different typeface in photograph 1. Whereas in photograph 2, the said expression and the rest of the typed matter match in ribbon intensity, alignment as well as in typeface. This does give rise to grave suspicion as regards the challans for the period May, 2001 to June, 2004. Perhaps there is a plausible reason for this, but, none was forthcoming on the part of the defendant in the course of arguments. However, as I have already concluded that the plaintiff is entitled to interim injunction, I shall not dwell on this matter further at this stage and leave the matter to be conclusively dealt

with at the trial stage.

17. When the defendant was confronted with this situation, the answer of the defendant is that on the letterhead of M/s. Ran India Steels Pvt. Ltd. the mark Ran along with monogram is always shown but the defendant was also using the trade mark Ranator which is registered under No. 1005663 and even otherwise, since the Defendant's corporate name is Ran India Steel Pvt. Ltd., it has a right to use the trade mark Ran India, being a bona fide adoption and which also happens to be a part of the name of its company.

18. From the plaint, it appears that there is no reference to the trade mark Ran India nor is it mentioned in the prayer clause. While granting the ad-interim order, this Court on 14.8.2007 restrained the defendant from using the trade mark Rana or "any other identical or deceptively similar mark". The said ex-parte order was confirmed on 25.3.2008 after some modification.

19. Now the question before this Court is as to whether by use of the mark Ran India as a trade mark amounts to violation of orders dated 14.8.2007 and 25.3.2008. The contention of the learned Counsel for the defendant is that there is no violation on behalf of the defendant; firstly on the ground that in the absence of any specific prayer in the plaint, the question of violation of the order does not arise and secondly the two names Ranator and Ran India are not deceptively similar to the plaintiff's mark Rana. Thirdly, the trademark Ran India is the part of the corporate name M/s. Ran India Steels Pvt. Ltd. and the defendant is entitled to use the same.

20. I do not agree with the submissions of the defendant. In para 28 of the plaint the plaintiff had sought permanent injunction against the defendant from using the trade mark/label Ranator label, or any other identical with or deceptively similar mark/label in relation to their impugned goods. In case the plea of the defendant is accepted, the words "any other identical or deceptively similar mark" mentioned in the prayer are to be treated as meaningless. It is not possible for the plaintiff to mention the proposed mark which is likely to be used by the defendant after passing the interim order. When both orders dated 14.8.2007 and 25.3.2008 are read together, it is clear that while confirming the interim orders, the relief of deceptively similar mark in favour of the plaintiff was also granted, therefore, the defendant is not entitled to use the deceptively similar mark, otherwise, the purpose of passing the order would be defeated.

21. Vide order dated 5th November, 2009, the defendant was given an more opportunity to file the original documents pertaining to the trade mark Ran India/Ran from the date of adoption till the date of passing of the interim order. Despite this Court's order, the defendant did not file any cogent evidence by way of advertisement in the newspaper, copy of web page or order forms in order to show that the trademark Ran India was being used by the defendant prior to the filing of the suit. It is pertinent to mention that prior to filing of the suit, the defendant had a website wherein the trade mark Ranator was mentioned but there was no reference in any web page about the trade mark Ran India. The said circumstances also show, prima facie, that the defendant was not using the trade mark Ran India openly or commercially as prior to the filing of the suit, the defendant had apparently been using the trade mark Ranator, and it might have been adopted and used openly in the market after passing of the ex-parte order.

22. In a similar situation, this Court has considered this aspect in *Essco Sanitations v. Mascot Industries (India)* MANU/DE/0293/1982 : AIR 1982 Delhi 308 where the suit for infringement of trade mark was filed by the plaintiff on the basis of registered

trademark ESSCO in relation to brass cocks on the allegation that two trade marks were deceptively similar, the parties settled their dispute wherein an undertaking was given by the defendant not to use the trademark ESSO. After the settlement between the parties, the defendant adopted the trademark OSSO which according to the defendant it was using earlier to the settlement arrived at between the parties. There was some dispute between the parties for mentioning the mark OSSO which was the part of the settlement. However, the Court decided to take up the matter on merit as to whether the trademark OSSO is deceptively similar with the trademark ESSCO or not. After considering the matter on merit, the Court came to the conclusion that the two names ESSCO and OSSO are deceptively similar and the adoption of the trademark OSSO by the judgment debtor was dishonest. The learned Court in para 18 of the said judgment has come to the following conclusion:

(18) There appears to be no doubt that the adoption of the trade mark 'OSSO' by the judgment-debtors is dishonest. The trade mark 'OSSO' is not descriptive of the goods in question. There is nothing on the record to suggest that the four letters containing this mark represent the names of the partners or proprietors of the defendant-firm. The decree holders, as mentioned earlier, had earlier objected to the trade mark Esso which was being used by the judgment-debtors and had claimed a decree restraining the judgment-debtors from using the said trade mark. They obtained the decree restraining the judgment-debtors from using the trade mark 'ESSO' and in spite of this, the judgment-debtors conveniently adopted the trade mark 'OSSO' which is in no way different than the trade mark 'ESSO'. The fact that they started using this trade mark even before the passing of the decree is of no consequence. It, on the other hand, shows their dishonest intentions.

23. Yet in another case of *Chinna Krishna Chettiar v. Ambal & Co.* MANU/SC/0303/1969 : (1970) 1 SCR 290 where the two rival marks were 'Sri Ambal' and 'Sri Andal', the marks were held to be similar by the Court. This judgment is also referred in the case of *Kali Aerated Water Works, Tiruchirapalli v. Rashid and Ors.* MANU/TN/0191/1989 : AIR 1989 Mad 9 where the two trade marks 'Kali' and 'Sri New Kali' were held to be similar. The judgment of *Chinna Krishna Chettiar v. Ambal & Co.* (supra) is referred in this matter in para 9 which reads as under:

9. In this connection we may usefully cite a decision of the Supreme Court in *Chinna Krishna Chettiar v. Ambal & Co.* MANU/SC/0303/1969 : [1970] 1 SCR 290. The two trade names that were considered in that case were Sri Ambal and; Sri Andal. Both the parties in that proceeding were manufacturers and dealers in snuff carrying on business at Madras. Though there was pictorial difference, the Supreme Court held that there is a striking similarity and affinity of sound between the words 'Ambal' and 'Andal'. The Supreme Court further held that even if there be no visual resemblance between the two marks, that does not matter when there is a close affinity of sound between the words which are distinctive features of the two marks. It is interesting to note that even after the manufacture of Sri Andal Snuff changed it into Radha's Sri Andal Madras Snuff this Court in the decision in *K.R.C. Chetty v. K.V. Mudaliar* MANU/TN/0139/1974 : AIR 1974 Mad. 7, held that it still would infringe the right of the plaintiff and prevented the use of that mark. The addition of words, in the opinion of the Bench, makes no difference....

24. In view of the aforesaid discussed and settled law, this Court is of the view that the two marks Rana/Ranator and Ran India used by the defendant are deceptively similar

and such use by the defendant is in violation of the two orders passed by this Court on 14.8.2007 and 25.3.2008.

25. In the case of Businessmen's Association and Ors. v. Howrah, Municipal Corporation and Ors. MANU/SC/0432/2001 : AIR 2001 SC 2790, the Supreme Court observed as under:

8. ...If courts are not to honour and implement their own orders, and encourage party litigants - be they public authorities, to invent methods of their own to short circuit and give a go-bye to the obligations and liabilities incurred by them under orders of the court - the rule of law will certainly become a casualty in the process - a costly consequence to be jealously averted by all and at any rate by the highest Courts in States in the country....

26. I, therefore, allow this application being I.A. No. 13619/2008 as in view of my discussion, I hold the defendant guilty of contempt. However, considering the circumstances in the matter and in the interest of justice, equity and fair play, this Court grants one more opportunity to the defendant to comply with the orders dated 14.08.2007 and 25.03.2008. The defendant is directed to comply with the above stated orders within four weeks from today and to file its affidavit in this regard within the same time. In case of failure to do so, the Executive Director of the defendant shall remain present in Court on 24.02.2010 in person for purging the contempt. The plaintiff is also entitled to costs quantified at Rs. 10,000/- to be paid to the plaintiff within four weeks.

27. Now I shall deal with the IA No. 13618/2008 under Order XXVI Rule 9 CPC. In view of the facts mentioned in the earlier part of the order, I am of the view that it has become necessary to allow the prayer in this application due to the reason that it is an admitted fact that at the time of passing the interim order, there was existing stock of 3,000 metric tonnes of steel in possession of the defendant. The defendant filed the application being IA No. 1330/2008 to dispose of the said existing stock lying at the premises of the defendant. However, the prayer in that application was not allowed by the Court at the time of confirmation of the order dated 25.3.2008 and the said stock was disposed of after re-cycling as alleged by the defendant, but the same was done without the permission of the Court. The defendant's contention is that the said stock was in possession of the defendant at the time of passing of the order of injunction and the said stock was recycled by melting the same and has been reused for the manufacturing of the goods bearing the trademark which is not the subject matter of the case. The contention of the defendant is denied by the plaintiff but it is true that the defendant has failed to disclose in the reply under which trade mark the said material was reused by the defendant. It is my considered opinion that the defendant was using the trade mark Ranator prior to the passing of the injunction order, the same is of no consequence at all, in fact, it shows the dishonest intentions of the defendant.

28. Mr. Sharath Sampath, Advocate (Mobile No. 9818903313) is appointed as Local Commissioner who shall visit the premises/godown/manufacturing unit of the defendant at M/s. Ran India Steels Pvt. Ltd., Iyeappa Tower, 1st Floor, Opposite Selva Vinaynagar Kovil, C.H.B. Colony, Tiruchengode - 637211 or any other place where the account books of the defendant including ledger, cash register, stock, registered invoices, book etc. are kept within two weeks from today and to verify as to whether the defendant is still using the trademark Ranator as alleged by the plaintiff or not and in addition to that the Local Commissioner is also permitted to examine the account books of the defendant including ledger, cash register, stock, registered invoices, book etc. for the

purposes of disposing of the stock of 3,000 metric tonnes of steel which was in possession of the defendant at the time of confirmation of the interim order dated 25.3.2008 till date and get all the details from the defendant about the said stock. The Local Commissioner shall also record the statement of the defendant at the site under which trademark the said alleged stock of 3,000 metric tonnes of steel was disposed of after recycled/reused. The defendant shall provide full cooperation in this regard. If necessary, the Local Commissioner shall also take the local police's assistance for the purposes of execution of the proceedings. The fee of the Local Commissioner is fixed at Rs. 25,000/- per day excluding the other expenses including travelling, lodging and other out of pocket expenses to be paid by the plaintiff.

29. IA No. 13618/2008 is also disposed of.

CS(OS) No. 1459/2007

List before the Joint Registrar on 15th March, 2010.

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