N.R. DONGRE AND ORS. A

v.

WHIRLPOOL CORPORATION AND ANR.

AUGUST 30, 1996

B

[J.S. VERMA AND K. VENKATASWAMI, JJ.]

Trade Marks Law :

Code of Civil Procedure, 1908 : Order 39 Rules 1, 2 and 4.

C

Temporary injunction—Passing off action—Trade mark 'Whirlpool'—Registration of—Granted in favour of defendants—Suit in the nature of passing-off action brought by plaintiffs to restrain defendants from manufacturing, selling, advertising or in any way using trade mark 'Whirlpool' in their washing machine deceptively or confusingly—High Court found mark/name D *'Whirlpool' long associated with plaintiffs who acquired trans-border reputation in respect of same, that there was no reliable evidence of defendants having marketed their washing machines in that name for a considerable length of time, that irreparable injury would be caused to plaintiff's reputation and goodwill because washing machines of defendants bearing that mark were* E *not of same standard and quality as those of plaintiffs' machines, whereas no injury would be caused to defendants by grant of injunction as their machines could be sold just with removal or replacement of label 'Whirlpool'—Accordingly, temporary injunction was granted by High Court in favour of plaintiffs—Held : injunction was based on equitable principles—Conclusion reached by High Court reasonable and based on relevant* F *material—Hence, Supreme Court's interference by reassessment of material not called for at the stage of second appeal—Constitution of India, 1950, Article 136—Trade and Marchandise Marks Act, 1958, Sections 46 and 56.*

Torts :

G

Passing-off action—Unfair trading activities—Trade mark, being used by a company, was registered by another company through false representation to obtain economic benefit of reputation established by the other company— Held : passing-off action was maintainable in law even against registered owner of trade mark. H

A The respondent-plaintiffs filed a suit in the High Court seeking temporary injunction against the appellants-defendants which was granted by the Single Judge and affirmed on appeal by the Division Bench of the High Court. The finding of the High Court were :

(i) Long prior user of the name of 'WHIRLPOOL' by plaintiff No.
B 1 and a transborder reputation and goodwill extending to India to the use of that name :

(ii) Prior registration of that name even in India from 1956-57 to 1977 against the earliest claim by the defendants from 1986 (the date of
C application for registration) :

(iii) Grant of registration to the defendants on 12.8.1992, only on the ground of proposed user instead of actual user, which was opposed by the plaintiffs and is subject to the outcome in the pending appeal :

D (iv) No reliable evidence of the defendants having marketed their washing machines for any considerable length for time prior to grant of the interlocutory injunctions :

(v) Irreparable injury to the plaintiffs' reputation and goodwill with whom the name of 'WHIRLPOOL' is associated, because of the washing
E machines of the defendants not being of the same standard and quality of performance as the plaintiff's machines :

(vi) On the other hand, no injury to the defendants by grant of the injunction inasmuch as the defendants' washing machines can be sold under the other names used earlier, with the removal and replacement
F only of the small metallic strip which bears the offensive trade mark/name which includes 'WHIRLPOOL'; and

(vii) There is no justification to accuse the plaintiffs of culpable delay, acquiescence and laches or abandonment so as to disentitle them
G from the relief of injunction.

It was also held by the High Court that there was no plausible explanation offered by the defendants for recently adopting the mark 'WHIRLPOOL' when business in washing machines was being carried out earlier in other names, which is supportive of the plea of unfair trading
H activity in an attempt to obtain economic benefit of the reputation estab-

lished by the plaintiff No. 1, whose name was associated with the mark 'WHIRLPOOL'. The plaintiffs' conduct in opposing the defendants' application for registration as soon as it was notified and persisting in the opposition by filing an appeal against the Registrar's order and then an application for rectification of the entry in the register on grant of the certificate and also filing the suit without delay was referred by the trial court as sufficient to suggest that there was no abandonment of the mark, acquiescence or laches by the plaintiffs. Being aggrieved the appellants-defendants preferred the present appeal.

Dismissing the appeal, this Court

HELD : 1. Admittedly, passing off action in maintainable in law even against a registered owner of the trade mark and, therefore, the fact that the defendants have obtained a registration (subject to the outcome of a pending appeal) is by itself not sufficient to render the suit not maintainable. [383-B-C]

2.1. A mark in the form of a word which is not a derivative of the product, points to the source of the product. The mark/name 'WHIRLPOOL' is associated for long, much prior to the defendants' application in 1986 with the Whirlpool Corporation—plaintiff No. 1. In view of the prior user of the mark by plaintiff No. 1 and its trans-border reputation extending to India, the trade mark 'WHIRLPOOL' gives an indication of the origin of the goods as emanating from or relating to the Whirlpool Corporation-plaintiff No. 1. The High Court has recorded its satisfaction that use of the 'WHIRLPOOL' mark by the defendants indicates *prima facie* an intention to pass-off defendants' washing machines as those of plaintiff's or atleast the likelihood of the buyers being confused or misled into that belief. The fact that the cost of defendants' washing machine is 1/3rd of the cost of the plaintiffs' washing machine itself supports the plaintiffs' plea that the defendants' washing machines are not of the same engineering standard and are inferior in quality to the washing machines of the plaintiffs'. In addition, it has been rightly held that the grant of interlocutory injunction would cause no significant injury to the defendants who can sell their washing machines merely by removing the small metallic strip bearing the offensive trade mark/name which includes 'WHIRLPOOL'. On the other hand, refusal of the interlocutory injunction

A would cause irreparable injury to the plaintiffs' reputation and goodwill since the trade mark/name 'WHIRLPOOL' is associated for long (because of prior user and even otherwise) with the plaintiff No. 1-Whirlpool Corporation. These factors which have been relied on for grant of the interlocutory injunction by the trial court indicate that the exercise of
B discretion was in accordance with the settled principles of law relating to the grant of interlocutory injunctions in a passing-off action. The affirmance of the trial court's order by the Division Bench on an appeal reinforces the trial court's view. [386-D-H; 387-A-B]

2.2. Injunction is a relief in equity and is based on equitable prin-
C ciples. On the concurrent findings of the courts below, the weight of equity at this stage is in favour of the plaintiffs and against the defendants. The concurrent findings, on which the grant of interlocutory injunction in favour of the plaintiffs is based is, to say the least, a reasonable conclusion on the relevant material available at this stage. It is not for this court at
D the stage to second appeal to reassess the material and reach an independent conclusion thereon for the first time and it has only to be seen whether the conclusion reached by the trial court was reasonably possible on the material. Moreover, even on a reassessment, it appears that the conclusion reached by the trial court in favour of the plaintiffs is the one more probable and reasonable on this material. [386-C-D; 385-G-H; 386-A-B]

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Wander Ltd. & Anr. v. *Antox India (P) Ltd.,* [1990] Supp. SCC 727, relied on.

Printers (Mysore) Private Ltd. v. *Pothan Joseph,* [1960] 3 S.C.R. 713 and *Folder & Co. Ltd.* v. *O. & G. Rushton* , (1903) 20 RPC 477, cited.
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CIVIL APPELLATE JURISDICTION : Civil Appeal No. 10703 of 1996.

From the Judgment and Order dated 21.4.95 of the Delhi High Court
G in F.A.O. No. 262 of 1994.

Kapil Sibal, Harish N. Salve, N.K. Anand, Amarjit Singh, Pravin Anand, Maninder Singh and Ms. Pratibha M. Singh for the Appellants.

Soli J. Sorabjee, S.S. Rana, C.M. Lall, Gopal Jain, Ms. B. Rana and
H Ms. Niti Dikshit for the Respondent No. 1.

A.R. Lall, S.S. Rana, Ms. B. Rana, S.S. Rana & Co. for the Respondent No. 2. A

The Judgment of the Court was delivered by

J.S. VERMA, J. This appeal by way of special leave is by the defendants against whom a temporary injunction was granted by the B learned Single Judge of the Delhi High Court in an Original Suit by order dated 31st October, 1994, which has been affirmed on appeal by the Division Bench by its order dated 21.4.1995. The suit is a passing off action brought by the plaintiff-respondents to restrain the defendant appellants from manufacturing. selling, advertising or in any way using the trade mark C 'WHIRLPOOL' in any other trade mark deceptively or confusingly similar to the trade mark of 'WHIRLPOOL' in respect of their goods. The subject matter of this appeal is the manufacture, sale and advertisement of washing machines by the defendants-appellants using the mark 'WHIRLPOOL' as a part of the name by which they had recently commenced marketing the washing machines manufactured by them. In short, the claim of the plain- D tiff-respondents is based on prior user of the mark 'WHIRLPOOL' and a trans-border reputation indicating that any goods marketed with the use of the mark 'WHIRLPOOL' gives the impression of it being a goods marketed by the plaintiffs; and the washing machines manufactured, sold and advertised by the defendants give that impression resulting in confusing E the intending buyers with the impression. In this suit, the plaintiffs sought a temporary injunction which has been granted by the learned Single Judge and affirmed by the Division Bench of the High Court.

In view of the fact that the trial of the suit has yet to conclude and the final decision of the suit is awaited, it is appropriate that the question F of temporary injunction is decided only on the basis of undisputed facts and the material which can legitimately be taken into account at the interlocutory stage. For this reason reference is confined by us only to such material which can be of significance at this stage.

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The Whirlpool Corporation, plaintiff No. 1 is a multi-national incorporated in U.S.A. TVS Whirlpool Ltd., plaintiff No. 2 is a limited company incorporated in India in which the plaintiff No. 1 a majority shareholder. The plaintiff No. 2 has been licensed by the plaintiff No. 1 to use the trade mark and trade name 'WHIRLPOOL'. The defendants Nos. 1 and 2 are the trustees of Chinar Trust; and defendants Nos. 3 and 4 are the trustees H

A of Mansarovar Trust also trading as USHA-SHRIRAM (India). Usha International Ltd., the defendant No. 5 is a company incorporated under the Indian Companies Act. The defendants have registrations in respect of trade marks such as 'USHA-SHRIRAM' and USHA-LEXUS'.

B According to the plaintiffs, they have an established business in the manufacture, sale, distribution and servicing of washing machines of all kinds and the plaintiff No. 1 is the successor of a trade mark 'WHIRLPOOL' since 1937. By 1957 'WHIRLPOOL' was a leading trade mark and name in the United States and Canada in relation to washing machines. By 1986 the 'WHIRLPOOL' was registered in relation to wash-
C ing machines and dryers in class 7 as well as for appliances in classes 9 and 11 in more than 65 jurisdictions around the world including most of the commonwealth countries. In 1956-57, the plaintiff No. 1 obtained registration for the trade mark 'WHIRLPOOL' in India in respect of clothes dryers, washers, dish washers and some other electrical appliances. These
D registrations were renewed periodically. However, in 1977, the registrations in India lapsed on account of failure to apply for renewal. In 1987 plaintiff No. 1 formed a joint venture with the plaintiff No. 2. On 15.7.1988 applications were moved by the plaintiffs with the Registrar of Trade Marks for registration of the trade mark 'WHIRLPOOL' for certain goods including washing machines. The washing machines are being marketed by plaintiff
E No. 2 in India under the TVS brand using the phrase 'in collaboration with Whirlpool Corporation'. Prior user of the mark 'WHIRLPOOL' for such goods is claimed by the plaintiffs. The plaintiff allege that in July, 1994 they came across an advertisement of defendants soliciting dealers for 'WHIRLPOOL' washing machines. In short, this is the basis on which the
F plaintiffs claim to restrain the defendants from using the mark 'WHIRLPOOL' for the goods manufactured by the defendants.

On the other hand, the defendants filed an application on 6.8.1986 with the Registrar for registration of the trade mark 'WHIRLPOOL'. On 16.10.1988 it was advertised in the trade mark journal. On 16.1.1989 plain-
G tiff No. 1 filed a notice of opposition. On 12.8.1992 the Registrar passed an order dismissing the opposition and allowing the defendants' application for registration on the ground of proposed user only. On 30.11.1992 the registration certificate was granted to the defendants to date back from 6.8.1987, the date of the application. Against the Registrar's order dated
H 12.8.1992 the plaintiff No. 1 has preferred an appeal on 7.11.1992 in the

Delhi High Court which is still pending. After grant of the certificate of registration to the defendants, on 4.8.1993 plaintiff No. 1 filed a petition in the Delhi High Court under Sections 46 and 56 of the Trade and Marchandise Marks Act, 1958 (for short the 'Act') for rectification by expunging the registration granted to the defendants. That matter is also pending in the High Court. The present suit was then filed on 4.8.1994 for the reliefs indicated earlier.

The learned Single Judge, by order dated 31.10.1994, granted a temporary injunction in favour of the plaintiffs as under :

> "For all the foregoing reasons IA 7657/94 is allowed. The defendants, their partners, trustees, agents, representatives and assignees are hereby restrained from manufacturing, selling, advertising or in any way using the trade mark 'WHIRLPOOL' or any other trade mark deceptively or confusingly similar to the trade mark Whirlpool in respect of their goods. The plaintiffs shall within 4 weeks from today place on record an undertaking in the place on record an undertaking in the shape of affidavits sworn in by their duly constituted attorney/s or representative/s undertaking to indemnify the defendants from any loss or damage which the defendants may incur on account of these proceedings and determined in this suit or any other duly constituted legal proceedings in the event of the plaintiffs being held not entitled to the relief sought for in the suit.
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> By way of abundant caution I would like to clarify :
>
> (i) As stated in the earlier part of this order the defendants have filed only a short counter for paucity of time. Legal contentions have all been raised by either party and dealt with by this order. If the defendants bring forth any new material consisting of facts documents and evidence which they could not do earlier they shall have the liberty of moving an application under Order 39 Rule 4 CPC.
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> (ii) that nothing said hereinabove, shall prejudice in any manner the rights of either party to have their please determined on merits after a full-fledged trial.

October 31, 1994 R.C. LAHOTI, J."

On Appeal, the Division Bench of the High Court came to the conclusion that there was no reason to interfere with the discretion exercised by the learned Single Judge in granting the temporary injunction. Accordingly, the defendants' appeal was dismissed.

The question now is : whether there is any cogent ground to interfere in this appeal with the exercise of discretion by the trial court?

We must indicate at this stage that interference in this appeal would be called for only if we reach the conclusion that the exercise of discretion in favour of the plaintiffs is contrary to the settled principles for the grant of a temporary injunction or that it is arbitrary or perverse. In *Wander Ltd. & Anr.* v. *Antox India P. Ltd.,* [1990] Supp. S.C.C. 727, the factors to be considered for grant of an interlocutory injunction in a passing off action and the scope of interference by appellate court with the exercise of discretion of court of first instance, were summarised and reiterated as under :

> "..... In such appeals, the appellate court will not interfere with the exercise of discretion of the court of first instance and substitute its own discretion except where the discretion has been shown to have been exercised arbitrarily, or capriciously or perversely or where the court had ignored the settled principles of law regulating grant or refusal of interlocutory injunctions. *An appeal against exercise of discretion is said to be an appeal on principle. Appellate court will not reassess the material and seek to reach conclusion different from the one reached by the court below if the one reached by that court was reasonably possible on the material.* 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 contrary conclusion. *If the discretion has been exercised by the trial court reasonably and in a Judicial manner the fact that the appellate court would have taken a different view may not justify interference with the trial court's exercise of discretion.* After referring to these principles Gajendragadkar, J. in *Printers (Mysore) Private Ltd.* v. Pothan Joseph, [1960] 3 S.C.R. 713 at 721.

"..... These principles are well established, but as has been observed by *Viscount Simon in Charles Osenton & Co.* v. *Jhanaton* '..... the law as to the reversal by a court of appeal of an order made by a judge below in the exercise of his discretion is well established, and any difficulty that arises is due only to the application of well settled principles in an individual case'. A B

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An infringement action is available where there is violation of specific property right acquired under and recognised by the statute. In a passing-off action, however, the plaintiff's right is independent of such a statutory right to a trade mark and is against the conduct of the defendant which leads to or is intended or calculated to lead to deception *Passing-off is said to be a species of unfair trade competition or of actionable unfair trading by which one person, through deception, attempts to obtain an economic benefit of the reputation which another has established for himself in a particular trade or business. The action is regarded as an action for deceit.* The tort of passing-off involves a misrepresentation made by the trader to his prospective customers calculated to injure, as a reasonably foreseeable consequence, the business or goodwill of another which actually or probably, causes damages to the business or good of the other trader.....". C D E

(pages 733-734)
(Emphasis supplied)

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We may now indicate some of the findings recorded by the learned Single Judge which have not been disturbed by the Division Bench. The learned Singh Judge, on appreciation of the material relevant at this stage, reached the following conclusions, namely, :

"It cannot be denied that in so far as "Whirlpool" is concerned, plaintiff No. 1 has been the first in point of time to be in the market, the question of exact geographical reasons apart. The defendants' earliest claim to user commences in July/August, 1986, the date of their application for registration, though this claim is seriously disputed by the plaintiffs. G H

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Whirlpool has been frequently advertised and has featured in international magazines having circulation in India.

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Though the pleadings, documents and affidavits filed by the plaintiffs positively make out a case of actual sales by the plaintiffs of Whirlpool products including washing machines in a number of geographical regions around the would, in so far as India is concerned, the plaintiffs No. 1 does not make out a case of actual C sales in the markets in India. The plaintiff No. 1 has made limited sales to US Embassy and US ATO in India. However, the products have been advertised in magazines having international circulation including in India.

D xxx xxx xxx

As already noticed plaintiff No. 1 was a registered proprietor of the trade mark Whirlpool in India until 1977. Without expressing any opinion on the validity or otherwise of the reasons assigned by the plaintiffs for non renewal of the registration thereafter suffice E it to say that inspite of non- registration of the trade mark in India, the plaintiff was trading in Whirlpool products in several parts of the world and also sending the same to India though in a limited circle. Whirlpool associated with the plaintiff No. 1 was gaining reputation throughout the would. The reputation was traveling trans-border to India as well through commercial publicity made F in magazines which are available in or brought in India. These magazines do have a circulation in the higher and upper middle Income strata of Indian society. Washing machine is a household appliance used by the middle and upper class of the society.

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The plaintiff No. 1 is not one whose trading activities are confined to India alone. It claims to have a worldwide trade. It did have registration of the trade mark in India. Non-renewal of the trade mark is assigned by the plaintiff to causes like import restrictions H and foreign trade policy of the Govt. of India. One of the causes

assigned is a communication gap between the plaintiff No. 1 and its trade mark attorney. The production of the goods was not stopped. May be in a limited section of the society but the goods were being marketed and they were being sent to India, inspite of non-registration of trade mark here in India. They were being exhibited and continuously advertised in such circumstances that an inferences as to abandonment of the trade mark by the plaintiff No. 1 cannot be drawn.

In 1986, the defendant initiated proceedings for registration of Whirlpool trademark so as to own the same. Opposition was offered by the plaintiff No. 1. The matter has been contested throughout till the date of decision by the Assistant Registrar of Trade Mark. Having lost there at the plaintiffs have preferred an appeal which is pending. There is no question of acquiescence by the plaintiffs.

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For the present the defendants have not adduced any documentary evidence of their having marketed their washing machines enabling a finding on the length of time and the extent to which they have marketed if at all their such products. The Asstt. Registrar of the trade mark has also not recorded any finding in favour of the defendants as to the actual user by them of the trade mark Whirlpool. The findings of the Assistant Registrar quoted hereinabove show his having formed an opinion that the proposed use in future could entitle the defendants for registration. Having lost before the Assistant Registrar the plaintiffs have preferred an appeal and also filed this suit. The plaintiffs cannot justifiably be accused of culpable delay, acquiescence and laches or abandonment so as to disentitle them from the relief of injunction.

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The learned counsel for the plaintiffs have rightly contended that in the absence of grant of injunction they are likely to suffer irreparable injury. It is submitted that the washing machines which are being manufactured by the defendants are not of the same

A engineering standards and do not give the same quality of performance as the plaintiffs' machines do and so the marketing of the washing machines with WHIRLPOOL trade mark is sure to damage irreparably the reputation and goodwill of the plaintiffs. It has rightly been pointed out that the defendants are not going to suffer any injury inasmuch as even if they have manufactured any washing machines, they have only to remove and replace the small metallic strip bearing the offensive trade mark/name which, includes Whirlpool. The plaintiffs do not have any objection to the defendants manufacturing and offering for sale washing machines in the trade mark/name of USHASHRIRAM or LEXUS or any other name at the choice of the defendants so long as the trade mark/name adopted by the defendants is not the same or similar or deceptively similar to that of the plaintiffs.

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D this Court has formed an opinion that the registration of the WHIRLPOOL as trade mark of the defendants was of no consequence in passing off action. This order too would not have any effect on the registration proceedings, sub judice in appeal which shall be decided on its own merits."

E The Division Bench while dismissing the defendants' appeal, stated thus :

"From the aforesaid facts including the extensive advertisements of the goods of the first respondent & its trade mark F 'WHIRLPOOL' and the legal position adumberated hitherto we are *prima facie* of the opinion that the trade mark 'WHIRLPOOL' has acquired reputation and goodwill in this country and the same has become associated in the minds of the public or potential buyers with the goods of the first respondent. Even advertisement of trade mark without existence of goods in the market is also to G be considered as use of the trade mark. It is also not necessary however that the association of the plaintiff's marks with his goods should be known all over the country or to every person in the area where it is known best,. (See : *Faulder & Co. Ltd.* v. *O & G. Rushton,* (1903) 20 RPC 477). Besides the facts *prima facie* H demonstrate that the first respondent was *prior user* of the trade

mark 'WHIRLPOOL' as it was using the same since 1941, while the appellants themselves claim the adoption thereof from 1886. A

Thus, we see no reason to differ with the finding of the learned Single Judge that the first respondent acquired transborder reputation in respect of the trade mark 'WHIRLPOOL' and has a right to protect the invasion thereof. B

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The concept and principle on which passing off action is grounded is that a man is not to sell his own goods under the pretence that they are the goods of another man. A trader needs protection of his right of prior user of a trade mark as the benefit of the name and reputation earned by him cannot be taken advantage of by another trader by copying the mark and getting it registered before he could get the same registered in his favour. We see no reason why a registered owner of a trade mark should be allowed to deceive purchasers into the belief that they are getting the goods of another while they would be buying the goods of the former which they never intended to do. In an action for passing off if should not matter whether misrepresentation or deception has proceeded from a registered or an unregistered user of a trade mark. He cannot represent his own goods as the goods of some body else. C D E

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Applying this principle & the reasons already stated we have *prima facie* come to the conclusion that the appellants have acquired reputation & goodwill in respect of its goods bearing trade mark 'WHIRLPOOL' in this country. Even though the appellants have no connection with the respondents, they are using the mark 'WHIRLPOOL' for their products. *Prima facie* it appears to us that buyers are likely to be deceived or confused as to the origin and source of the goods. They will believe that the product is manufactured by the respondents, an impression not founded in truth. The limitation will pass of as genuine. No one can be permitted to trade by deceiving or misleading the purchasers or to unauthoricedly divert to itself the reputation and goodwill of F G H

A others. Under section 27(2) an action for passing off against registered user of trade mark is maintainable at the instance of a prior user of the same, similar or identical mark. Since such a remedy is available against the registered user of a trade mark, an interim injunction restraining him to use the mark can also be granted to make the remedy effective.

B

We also do not agree with the submission of learned counsel for the appellants that the respondents are guilty of culpable delay; acquiescence and laches which disentitle the respondents from claiming the relief of Injunction.

C

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There is no plausible & convincing explanation by the appellants as to how they came to adopt the mark 'WHIRLPOOL'. In absence of any satisfactory explanation by the appellants, the

D adoption of the mark by them cannot *prima facie* be regarded as honest and plea of delay & laches would be of no avail to them. As regards acquiescences, there is nothing to show that there has been a tacit or express assent by the respondents to the appellant's using the mark. As regards the submission of learned counsel for

E the appellants that the respondents had abandoned the trade mark 'WHIRLPOOL' and therefore, they cannot maintain the action of passing off, is not well founded. As already seen, the respondents had been using the trade mark 'WHIRLPOOL' world wide and there is no reason to assume that the same was abandoned. Mere fact that the registration was not renewed by them in India after

F 1977, is no ground to hold that the respondents had abandoned the trade mark.

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G Having regard to the above discussion, we see no reason to interfere with the discretionary order passed by the learned Single Judge dated October 31, 1994 granting the restraint order....."

An attempt was made at the hearing before us by the appellants to place reliance on some additional material produced at this stage. It is

H sufficient to observe that this appeal has to be decided on the basis of

material produced in the trial court. We may add that the trial court itself has referred to Order 39, Rule 4 CPC granting liberty to move an application thereunder, if there be any significant additional material available to invoke the jurisdiction of the trial court for the discharge or variation of the order of temporary injunction. We may add that the additional material produced at this stage is also not sufficient to swing the balance in the other direction.

Shri Kapil Sibal, learned counsel for the appellants conceded fairly at the outset that a passing off action is maintainable in law even against a registered owner of the trade mark and, therefore, the fact that the defendants have obtained a registration (subject to the outcome of a pending appeal) is by itself not sufficient to render the suit not maintainable. However, he qualified this statement by adding that the existing registration to favour of the defendants is a significant fact in favour of the defendants even at the interlocutory stage in the suit for deciding whether a temporary injunction should be granted against the defendants. The other factors on which Shri Sibal relied are :

(i) Plaintiffs filed an opposition to the defendants' application for registration before the Registrar which was rejected, even though their appeal is pending;

(ii) A separate application date 4.8.1993 for rectification under Sections 46 and 56 of the Act has been filed by the plaintiffs, which too is pending in the High Court;

(iii) Plaintiffs had registration of trade mark 'WHIRLPOOL' in India from 1956-57 which was allowed to lapse in 1977;

(iv) a fresh application for registration of the trade mark has been made by the plaintiffs only in 1988, which is pending; and

(v) Filing of the suit thereafter on 4.8.1994, in this background is delayed.

Shri Sibal also submitted that the defendants are manufacturing and selling washing machines which cost less than 1/3rd the price of the plaintiffs' washing machine; and the full description given on the plate affixed to the defendants' washing machine leaves no room for any confusion in the mind of the buyer that the defendants' machine is goods

A associated with plaintiffs. Shri Sibal submitted that an overall view of all these factors negatives the existence of a *prima facie* case for grant of a temporary injunction in favour of the plaintiff. Shri Sibal also submitted that the washing machines marketed in India by the plaintiffs are sold by the joint venture with TVS and not by the plaintiff No. 1 - Whirlpool Corporation itself.

B

In reply, shri Soli J. Sorabjee, learned counsel for the respondents, contended that the defendants were earlier doing their business in the name of USHA-SHRIRAM, USHA-LEXUS and there is no explanation by them for this switch over which reveals their intent to derive unfair C advantage of the established name of 'Whirlpool' associated with plaintiff No. 1 because of prior user, which is sufficient to support a passing off action. Shri Sorabjee also submitted that actual sales by the plaintiffs of washing machines in the name of 'Whirlpool' in India is not necessary while in the case of the defendants, actual user of that name by them and not the fact of registration of that mark is material. Shri Sorabjee relied on the D finding of the trial court that actual sales of washing machines using the mark 'Whirlpool' by defendants prior to 1994 is not shown at this stage; and grant of registration to defendants is only on the ground of proposed and not actual user. Shri Sorabjee also referred to the affidavit of the defendants filed in the High Court disclosing their actual sales and existing E stock which reveals that the business was more in names other than 'Whirlpool' Shri Sorabjee finally submitted that an appeal Court is not to interfere ordinarily with the exercise of discretion by the trial court in granting a temporary injunction and this is more so when the discretion exercised by the trial court has been affirmed in the first appeal.

F The findings of the learned Single Judge, as affirmed on appeal by the Division Bench, are :

(i) Long prior user of the name of 'WHIRLPOOL' by plaintiff No. 1 and a transborder reputation and goodwill extending to India to G the use of that name;

(ii) Prior registration of that name even in India from 1956-57 to 1977 against the earliest claim by the defendants from 1986 (the date of application for registration);

H (iii) Grant of registration to the defendants on 12.8.1992, only on

the ground of proposed user instead of actual user, which was opposed by the plaintiffs and is subject to the outcome in the pending appeal; A

(iv) No reliable evidence of the defendants having marketed their washing machines for any considerable length of time prior to grant of the interlocutory injunction; B

(v) Irreparable injury to the plaintiffs' reputation and goodwill with whom the name of 'WHIRLPOOL' is associated, because of the washing machines of the defendants not being of the same standard and quality of performance as the plaintiffs' machines; C

(vi) On the other hand, no injury to the defendants by grant of the injunction inasmuch as the defendants' washing machines can be sold under the other names used earlier, with the removal and replacement only of the small metallic strip which bears the offensive trade mark/name which includes 'WHIRLPOOL'; and D

(vii) There is no justification to accuse the plaintiffs of culpable delay, acquiescence and laches or abandonment so as to disentitle them from the relief of injunction.

E

It has also been held that there is no plausible explanation offered by the defendants for recently adopting the mark 'WHIRLPOOL' when business in washing machines was being carried out earlier in other names, which at this stage, is supportive of the plea of unfair trading activity in an attempt to obtain economic benefit of the reputation established by the plaintiff No. 1 whose name is associated with the mark 'WHIRLPOOL'. The plaintiffs' F conduct in opposing the defendants' application for registration as soon as it was notified and persisting in the opposition by filing an appeal against the Registrar's order and then an application for rectification of the entry in the register on grant of the certificate and also filing the suit without delay is referred by the trial court as sufficient to suggest that there was G no abandonment of the mark, acquiescence or laches by the plaintiffs.

In our opinion, the above concurrent findings, on which the grant of interlocutory injunction in favour of the plaintiffs is based is, to say the least, a reasonable conclusion on the relevant material available at this stage. It is not for this court at the stage of second appeal to reassess the H

material and reach an independent conclusion thereon for the first time and it has only to be seen whether the conclusion reached by the trial court was reasonably possible on the material. Moreover, even on a reassessment, it appears to us that the conclusion reached by the trial court in favour of the plaintiffs is the one more probable and reasonable on this material.

The question now is : whether the exercise of discretion by the trial court is favour of the plaintiffs to grant the interlocutory injunction is in accordance with the settled principles of law regulating grant of interlocutory injunctions or not? We think it is so.

Injunction is a relief in equity and is based on equitable principles. On the above concurrent findings, the weight of equity at this stage is in favour of the plaintiffs and against the defendants. It has also to be borne in mind that a mark in the form of a word which is not a derivative of the product, points to the source of the product. The mark/name 'WHIRLPOOL' is associated for long, much prior to the defendants' application in 1986 with the Whirlpool Corporation - plaintiff No. 1. In view of the prior user of the mark by plaintiff No. 1 and its trans-border reputation extending to India, the trade mark 'WHIRLPOOL' gives an indication of the origin of the goods as emanating from or relating to the Whirlpool Corporation - plaintiff No. 1. The High Court has recorded its satisfaction that use of the 'WHIRLPOOL' mark by the defendants indicates *prima facie* an intention to pass-off defendants' washing machines as those of plaintiffs' or atleast the likelihood of the buyers being confused or misled into that belief. The fact that the cost of defendants' washing machine is 1/3rd of the cost of the plaintiffs' washing machine as stated by Shri Sibal, itself supports the plaintiffs' plea that the defendants' washing machines are not of the same engineering standard and are inferior in quality to the washing machines of the plaintiffs'. In addition, it has been rightly held that the grant of interlocutory injunction would cause no significant injury to the defendants who can sell their washing machines merely by removing the small metallic strip bearing the offensive trade mark/name which includes 'WHIRLPOOL'. On the other hand, refusal of the interlocutory injunction would cause irreparable injury to the plaintiffs' reputation and goodwill since the trade mark/name 'WHIRLPOOL' is associated for long because of prior user and even otherwise with the plaintiff No. 1 - Whirlpool Corporation. These factors which have been relied on for grant of the interlocutory injunction by the trial court indicate

that the exercise of discretion was in accordance with the settled principles of law relating to the grant of interlocutory injunctions in a passing-off action. The affirmance of the trial court's order by the Division Bench on an appeal reinforces the trial court's view. A

Applying the settled rule indicating the scope of interference in an appeal against exercise of discretion by the trial court to grant an interlocutory injunction, we find no ground to take a different view or to interfere with the grant of the injunction. B

On the above conclusion reached on the facts of this case, it is unnecessary to refer to the several decisions cited at the bar to indicate the settled principles of law regulating grant or refusal of interlocutory injunctions and the scope for grant of such an injunction in a passing-off action even against the proprietor of a registered trade mark. None of those decisions lays down that in a passing-off action based on the right in common law distinct from the statutory right based on a registered mark, an injunction cannot be granted even against an owner of the trade mark in an appropriate case. It is for this reason, Shri Kapil Sibal fairly conceded this position at the outset and relied on the fact of registration in favour of the defendants only for the limited purpose indicated earlier. The surviving controversy at this stage was confined only to the legality and propriety of an interlocutory injunction granted on the facts of this case. C D E

It cannot be seriously disputed that on the findings recorded by the trial court and affirmed on appeal by the Division Bench which appear to us as reasonable conclusion on the relevant material, grant of an interlocutory injunction is the appropriate order to make and the proper exercise of discretion by the trial court. The decision of this court in *Wander Ltd. & Anr.* v. *Antox India P. Ltd.* (supra) is alone sufficient to support this view. We may add that the trial court has taken care to protect the defendants' interest at the interlocutory stage during the trial of the suit in the language used for grant of the interlocutory injunction reserving liberty to apply for its discharge or variation if additional material or subsequent events justify such a course. This appeal must, therefore, fail. F G

Consequently, the appeal is dismissed with costs Rs. 10,000.

V.S.S. Appeal dismissed.