



Non-Reportable

**IN THE SUPREME COURT OF INDIA
CIVIL APPELLATE JURISDICTION**

CIVIL APPEAL NO. 2768 OF 2023

**Brihan Karan Sugar Syndicate
Private Limited**

... Appellant

versus

**Yashwantrao Mohite Krushna
Sahakari Sakhar Karkhana**

... Respondent

J U D G M E N T

ABHAY S. OKA, J.

FACTUAL ASPECTS

1. The appellant, who is the original plaintiff has preferred this appeal for challenging the impugned judgment and order dated 23rd June 2021 passed by the learned Single Judge of the High Court of Judicature at Bombay (Aurangabad Bench). By the impugned judgment, the High Court has stayed the execution and operation of the judgment and decree dated 24th May 2021 passed by the learned District Judge-1, Osmanabad, in a suit filed by the appellant.

2. The appellant–plaintiff is engaged in selling country liquor with the label “Tango Punch”. The respondent–

defendant is engaged in selling country liquor with the label “Two Punch Premium”. The case of the appellant is that it has a copyright in the artistic label displayed on the bottles of country liquor sold by it. The appellant claimed permanent injunction restraining the respondent from infringing copyright in its artistic label either by reproducing the label or the substantial part of it in any material form by printing, publishing or using the label or any other work, which is an imitation or reproduction of the appellant’s label or substantial part thereof. In the suit, the appellant also prayed for a decree of injunction restraining the respondent from manufacturing, selling, offering for sale, advertising, or otherwise dealing in country liquor having the appellant’s trade mark label or any deceptively similar trademark label so as to pass off the country liquor of the respondent as and for the well-known country liquor of the appellant. After a complete trial, the learned District Judge decreed the suit by passing the following decree:

1.Suit is decreed with costs.

2. Defendant or anybody claiming through it, are hereby permanently restrained by an order of perpetual injunction from infringing the Plaintiff’s copyright in its artistic labels Annexure- 'A', 'A-1' (Exh.66), 'B' and 'B1' (Exh.71) by reproducing the same or substantial part thereof in material form or by printing, publishing or using the impugned label Annexure-'C' (Exh.74) or any other work which is an imitation or reproduction of

the Plaintiffs above mentioned artistic labels or substantial part thereof.

3. Defendant or anybody claiming through it, are hereby further restrained by an order of perpetual injunction from manufacturing, selling, offering for sale, advertising or otherwise dealing in country liquor bearing the trade mark label Annexure-'C'. (Exh.74) or any other trade mark label deceptively similar to the Plaintiff's trade mark label Annexure- 'A' in Exh.66 and 'B' in Exh. 71 so as to pass off or enable others to pass off.

4. Defendant to pay to the Plaintiff within a month from this day, a sum of Rs.1,00,000/- by way of damages for the infringement and passing off.

5. Defendant is directed to deliver to the Plaintiff for destruction the labels, wrappers, goods, dies and literature, books and printing material and things being the impugned label Annexure-'C' (Exh.74), within one month and Plaintiff shall pass receipt/acknowledgement thereof.”

3. After considering the oral and documentary evidence, the learned Trial Judge held that the entries in the register of copyrights in respect of the label “Tango Punch” showed that the appellant was the owner of copyright in the said label. The learned Trial Judge held that the labels used by the respondent on the liquor bottles sold by the respondent were deceptively similar to the labels used by the appellant. The learned Trial Judge further held that the respondent, by reproducing a substantial part of the label of the appellant

has infringed the copyright of the appellant. It was also held that the appellant has proved that the respondent was using a label by substantially reproducing the contents of the label used by the appellant. Hence, the Trial Court held that the appellant was entitled to a permanent injunction on both the counts, viz., infringement of copyright and passing-off.

4. Being aggrieved by the said decree, the respondent herein preferred an appeal before the High Court. By the impugned judgment and order, the learned Single Judge of the High Court stayed the execution and the operation of the decree till the final disposal of the appeal.

SUBMISSIONS

5. The learned counsel appearing for the appellant has taken us through the judgment of the Trial Court and the impugned judgment. The learned counsel submitted that the learned Single Judge of the High Court ought not to have attached much importance to the fact that during the pendency of the suit, the application made by the appellant claiming interim relief in terms of the decree prayed in the suit was rejected, which was affirmed by the High Court. He urged that since after a complete trial, a decree was passed in favour of the appellant, it ought not to have been stayed. He submitted that merely because the appellant withdrew its objections raised before the Commissioner for State Excise to the labels used by the respondent, the rights of the appellant under the copyright and trademark cannot be defeated. The

learned Single Judge had no reason to disturb the findings recorded by the Trial Court based on evidence by granting a drastic relief of stay of the execution of the decree.

6. The learned counsel has produced, for the perusal of the Court, the specimen bottles in which country liquor is being sold by the appellant and the respondent. He contended that there are striking similarities in the labels used by the appellant and the respondent. He placed reliance on the decisions of this Court in the cases of **Cadila Health Care Ltd. v. Cadila Pharmaceuticals Ltd.**¹ and **Laxmikant V. Patel v. Chetanbhai Shah & Anr.**². He submitted that acquiescence in the context of copyright does not mean mere silence or inaction. It implies a positive act which is absent in this case. He submitted that it is not necessary for a plaintiff to prove a long user to establish a reputation of his product in a passing-off action. He also submitted that merely because there is a possibility of disrupting the business of the respondent/defendant, the Court cannot stay the decree of injunction. His submission is that after a full-fledged trial, findings have been rendered in favour of the appellant by the Trial Court which cannot be nullified by grant of stay. His submission is that granting relief of stay, at this stage, virtually amounts to granting final relief in the appeal, which is not permissible in law.

1 (2001) 5 SCC 73

2 (2002) 3 SCC 65

7. On the other hand, the learned senior counsel appearing for the respondent submitted that no evidence was adduced to establish that the brand and label of the appellant were well-established in the market. He submitted that apart from the fact that there is no similarity between the labels used by the parties, the appellant has not adduced evidence to prove its figures of sale, turnover, advertisement expenses, etc. Mere production of a certificate of a Chartered Accountant was not sufficient and in fact, it was necessary to examine the Chartered Accountant and other witnesses to prove the documents. He pointed out that an application was made by the respondent to the Excise Commissioner for approval of the labels to be used on the liquor bottles sold by it. The appellant raised an objection but later on, withdrew the same. He submitted that the long delay on the part of the appellant in approaching the Court itself amounts to acquiescence. He submitted that for granting a stay to the execution of the decree, it was not necessary for the learned Judge to record detailed reasons, especially when it was an admitted position that by submitting a letter dated 25th April 2016, the appellant withdrew the objections raised by it to the respondent's application for approving the label. He submitted that the objections were withdrawn by the appellant on 25th April 2016, but the suit was filed by the appellant on 4th October 2017 which is nearly one and half years after the objections were withdrawn.

8. The learned senior counsel relied upon the following decisions in support of his submissions:

- ***Khoday Distilleries Ltd. v. Scotch Whisky Association & Ors.***³;
- ***Toyota Jidosha Kabushiki Kaisha v. Prius Auto Industries Ltd. & Ors.***⁴;
- ***Corn Products Refining Co. v. Shangrila Food Products Ltd.***⁵;
- ***Ciba Ltd. Basle Switzerland v. M. Ramalingam and S. Subramaniam trading in the name of South Indian Manufacturing Co., Madura & Anr.***⁶;
- A decision of the Court of Appeal dated 24th January 1990 in the case of ***Payton & Co. Ld. v. Snelling Lampard & Co. Ld.*** and a decision of the House of Lords dated 8th February 1990 in the case of ***Reckitt & Colman Products Ltd. v. Borden Inc. & Ors.***⁷

CONSIDERATION OF SUBMISSIONS

9. We may note here that we are referring to the rival contentions in detail only because very detailed submissions were made before us. But we are conscious of the fact that we are dealing with an interim order passed during the pendency of an appeal against the decree and that the appeal is pending. The appeal has been admitted for hearing. While

3 (2008) 10 SCC 723

4 (2018) 2 SCC 1

5 AIR (1960) SC 142

6 AIR (1958) Bom 56

7 (1990) 1 WLR 491

dealing with the prayer for a stay of execution of the decree subject matter of challenge, it was not necessary for the High Court to make an in-depth consideration of the merits of the appeal. Only a *prima facie* consideration was required to be made by the High Court. One of the relevant factors which was considered by the High Court was that in the suit filed by the appellant, the relief of temporary injunction was denied to the appellant. The said relief was denied by the Trial Court by the order dated 12th April 2019, which was confirmed by the High Court by the judgment and order dated 7th January 2020. Thus, during the pendency of the suit, there was no prohibitory order operating in favour of the appellant. This aspect was certainly relevant when the Court decided the prayer for a grant of a stay of the execution of the decree pending a substantive appeal.

10. There is a finding recorded by the High Court in the impugned judgment that the labels used on the bottle of country liquor sold by the appellant and the labels on the bottle of country liquor sold by the respondent are similar. At this stage, we may note the legal position regarding the factual details which are required to be proved in a passing-off action. Firstly, we may refer to a decision of this Court in the case of **Satyam Infoway Ltd. v. Sifynet Solutions (P) Ltd.**⁸ Paragraphs 13 to 15 of the said decision read thus:

“**13.** The next question is, would the principles of trade mark law and in

8 (2004) 6 SCC 145

particular those relating to passing off apply? An action for passing off, as the phrase “passing off” itself suggests, is to restrain the defendant from passing off its goods or services to the public as that of the plaintiff's. It is an action not only to preserve the reputation of the plaintiff but also to safeguard the public. The defendant must have sold its goods or offered its services in a manner which has deceived or would be likely to deceive the public into thinking that the defendant's goods or services are the plaintiff's. The action is normally available to the owner of a distinctive trade mark and the person who, if the word or name is an invented one, invents and uses it. If two trade rivals claim to have individually invented the same mark, then the trader who is able to establish prior user will succeed. The question is, as has been aptly put, who gets these first? **It is not essential for the plaintiff to prove long user to establish reputation in a passing-off action. It would depend upon the volume of sales and extent of advertisement.**

14. The second element that must be established by a plaintiff in a passing-off action is misrepresentation by the defendant to the public. The word misrepresentation does not mean that the plaintiff has to prove any mala fide intention on the part of the defendant. Of course, if the misrepresentation is intentional, it might lead to an inference that the reputation of the plaintiff is such that it is worth the defendant's while to cash in on it. An innocent misrepresentation would be relevant only

on the question of the ultimate relief which would be granted to the plaintiff [*Cadbury Schweppes v. Pub Squash*, 1981 RPC 429 : (1981) 1 All ER 213 : (1981) 1 WLR 193 (PC); *Erven Warnink v. Townend*, 1980 RPC 31 : (1979) 2 All ER 927 : 1979 AC 731 (HL)]. What has to be established is the likelihood of confusion in the minds of the public (the word “public” being understood to mean actual or potential customers or users) that the goods or services offered by the defendant are the goods or the services of the plaintiff. In assessing the likelihood of such confusion the courts must allow for the “imperfect recollection of a person of ordinary memory” [*Aristoc v. Rysta*, 1945 AC 68 : (1945) 1 All ER 34 (HL)].

15. The third element of a passing-off action is loss or the likelihood of it.”
(emphasis added)

Thus, the volume of sale and the extent of advertisement made by the appellant of the product in question will be a relevant consideration for deciding whether the appellant had acquired a reputation or goodwill.

11. At this stage, we may also refer to the decision of this Court in the case of ***Toyota Jidosha Kabushiki Kaisha***⁴. In this decision, this Court approved its earlier view in the case of ***S. Syed Mohideen v. P. Sulochana Bai***⁹ that the passing-off action which is premised on the rights of the prime user generating goodwill, shall remain unaffected by any registration provided in the Act. In fact, this Court quoted

9 (2016) 2 SCC 683

with approval, the view taken by the House of Lords in the case of **Reckitt & Colman Products Ltd.**⁷. The said decision lays down triple tests. One of the tests laid down by the House of Lords was that the plaintiff in a passing-off action has to prove that he had acquired a reputation or goodwill connected with the goods. Thereafter, in paragraph 40 of the said decision, this Court held that if goodwill or reputation in a particular jurisdiction is not established by the plaintiff, no other issue really would need any further examination to determine the extent of the plaintiff's right in the action of passing-off.

12. Coming to the facts of the case, the appellant examined only two witnesses. The first witness was Mr K.K. Kalani and the second one was Mr Sudhir Pokhale. Mr Sudhir Pokhale was examined on an altogether different issue regarding the approval of labels sought by the respondent. The impugned judgment contains a list of the exhibited documents produced by the appellant. Exhibits 73, 73.1 to 73.4 are the statement of sales as well as advertisement and sale promotion expenses certified by a Chartered Accountant. However, we find that the Chartered Accountant was not examined to prove the statements. In the examination-in-chief of Shri K.K. Kalani, in paragraph 10, only the figures of sales and marketing expenses have been quoted. *Prima facie*, it appears to us that at the time of the final hearing of the suit, it was incumbent upon the appellant-plaintiff to actually prove the figures of sales and expenditure incurred on the advertising and

promotion of the product. Only by producing the statements without proving the contents thereof, the appellant could not have established its reputation or goodwill in connection with the goods in question. According to the witness, the statements produced were signed by a Chartered Accountant Mr. Natesh. This aspect surely makes out a *prima facie* case for grant of stay to the execution of the decree in favour of the respondent as regards the passing-off action.

13. For establishing goodwill of the product, it was necessary for the appellant to prove not only the figures of sale of the product but also the expenditure incurred on promotion and advertisement of the product. *Prima facie*, there is no evidence on this aspect. While deciding an application for a temporary injunction in a suit for passing-off action, in a given case, the statements of accounts signed by the Chartered Accountant of the plaintiff indicating the expenses incurred on advertisement and promotion and figures of sales may constitute a material which can be considered for examining whether a *prima facie* case was made out by the appellant-plaintiff. However, at the time of the final hearing of the suit, the figures must be proved in a manner known to law.

14. Even assuming that the allegation of deceptive similarity in the labels used by the respondent was established by the appellant, one of the three elements which the appellant was required to prove, has not been proved. Therefore, we find

that the High Court was justified in staying that particular part of the decree of the Trial Court by which injunction was granted for the action of passing-off.

15. Now, we come to the infringement of copyright. It is a well settled law that acquiescence is a defence available in action for the infringement of copyright. On this behalf, it is necessary to refer to the decision of this Court in the case of ***M/s. Power Control Appliances & Ors. v. Sumeet Machines Pvt. Ltd.***¹⁰. In paragraph 26 onwards, this Court has discussed the concept of acquiescence. This Court held that if the acquiescence in infringement amounts to consent, it will be a complete defence. This Court also observed that acquiescence is a course of conduct inconsistent with the claim for exclusive rights and it applies to positive acts and not merely silence or inaction such as is involved in laches. This Court observed that mere negligence is not sufficient. In his cross-examination, the witness—Mr. K.K. Kalani admitted that as his business was of selling country liquor, his representative regularly used to visit the office of the Commissioner of Excise at least once a month. He admitted that he collected information from his representative who visited the office of the Commissioner of Excise and tried to obtain the status of permission proceedings for the approval of the labels initiated by the respondent. In paragraph 28, he accepted that in March 2016, the respondent applied to the Commissioner, State Excise for permission to use ‘Two Punch

10 **1994 (2) SCC 448**

Premium' labels. In paragraph 29, he admitted that the appellant had taken objection to these labels. He accepted that the appellant had withdrawn the said objection. Though he claimed that the objection was not withdrawn unconditionally, he accepted that in the letters of withdrawal of the objection, it is not mentioned that the withdrawal was conditional. In fact, in paragraph 30, he admitted that the three objections were withdrawn by the appellant. The witness, however, volunteered to state that it was a conditional withdrawal. When the witness was confronted with copies of the letters of withdrawal of the objection, he accepted that it is not written therein that the withdrawal was conditional. He stated that it was also not mentioned that the withdrawal was unconditional. He stated that the authorities were orally informed that the withdrawal was conditional.

16. In the facts of the case, it appears that when permission was sought by the respondent to use the impugned labels, the appellant raised objections in writing to the grant of permission to the respondent to use the said labels. It is not as if those objections were not pursued, but there was a positive act on the part of the appellant of withdrawing the said objections by submitting the letters of withdrawal in which, admittedly, it was not mentioned that the withdrawal was conditional. This important factual aspect supports the order of stay granted by the High Court as regards the decree in respect of the infringement of copyright. The objections were withdrawn on 25th April 2016 and the suit was filed on

4th October 2017. A *prima facie* case of acquiescence by the appellant was made out by the respondent.

17. Therefore, it is very difficult to find fault with the impugned interim order of the High Court which will be operative till the disposal of the substantive appeal preferred by the respondent.

18. Before we part with the judgment, we cannot refrain from recording certain disturbing features about the conduct of a member of the Bar while the trial was being conducted in this case. During the course of the cross-examination of the witness—Mr K.K. Kalani by the appellant, the following portion has been recorded by the learned Trial Judge:

“
Ld.Adv.Mr.XXX (name masked) for plaintiffs is taking objections for each and every question while noting down the same also his objection continues. In this way series of objections taken by him is going on. Every time it is not possible for the Court to record each and every objection, therefore, the Court has adopted the procedure to record at important place, the question put to the witness and answer given by him, in question-answer manner as it is. Even then Ld.Adv. Shri XXX (name masked) continued objecting the questions. In this background Ld. Adv. Shri XXX (name masked) is requested to listen carefully the question put up to the witness and thereafter to carefully listen to answer

20. To conclude, the High Court was justified in granting the order of stay pending the final disposal of the appeal. The appeal is, accordingly, dismissed. However, we clarify that when the High Court decides the pending appeal, it will not be influenced by the observations made in the impugned judgment as well as the observations made in this judgment. The appeal shall be decided on its own merits. There will be no order as to costs.

.....J.
(Abhay S. Oka)

.....J.
(Rajesh Bindal)

New Delhi;
September 14, 2023.