

Plaint Alleging Passing Off Can Be Amended To Include Remedy Against Trademark Infringement Where Cause Of Action Is Same: Karnataka HC

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**IN THE HIGH COURT OF KARNATAKA AT BENGALURU
SACHIN SHANKAR MAGADUM; J.**

WRIT PETITION NO.6220 OF 2022; 23 NOVEMBER, 2022

MILAAP SOCIAL VENTURES INDIA PVT. LTD. versus GOOGLE INDIA PVT. LTD.

Petitioners: Adhitya, Advocate for Shishira Amarnath, Advocate

Respondents: Manu Kulkarni, Advocate for C/R1

ORDER

The captioned writ petition is filed by the plaintiffs feeling aggrieved by the order dated 28.10.2021 passed on I.A.No.8 filed under Order 6 Rule 17 read with Section 151 of CPC seeking amendment of plaint. The said amendment application is rejected by the trial Court which is under challenge.

2. The present petitioners/plaintiffs have instituted a bare suit for injunction seeking perpetual injunction against the respondents/defendants from passing off petitioners' trademark 'MILAAP'. The petitioners/plaintiffs in the plaint have claimed that they incorporated their office in Singapore and later in India and filed trademark application for registration of mark. It is specifically alleged in the plaint that petitioners first became aware that respondent No.2 is using petitioners mark 'MILAAP' to divert traffic to its own website crafted and designed by respondent No.1. The petitioners therefore claimed that they were compelled to issue cease and desist notice to respondent No.2 against using petitioners' mark as key word and stop passing off petitioners' trademark.

3. Pending consideration of the suit, the petitioners' mark 'MILAAP' came to be registered with Trademark No.3428351. It is in this context, the petitioners filed an application in I.A.No.8 under Order 6 Rule 17 seeking amendment of plaint to include remedy of trademark infringement by the respondents by using the mark 'MILAAP' in its key words and metatags.

4. The respondents contested the application filed in I.A.No.8 by filing detailed objections. The respondents further strongly contended that plaintiffs intend to convert the passing off prayer into one of infringement of trademark. Therefore, respondents strongly resisted by contending that present suit which is one seeking common law remedy cannot be converted into a statutory suit under the Trade Marks Act, 1999. The respondents further contended that there is an essential distinction between the common law action for passing off and an action for infringement by way of statutory suit under the Trade Marks Act and therefore, the respondents contended that present suit cannot be converted into a statutory suit for infringement when admittedly trademark registration is granted pending suit.

5. The trial Court after hearing the rival parties and having examined the claim made in the application filed in I.A.No.8 and the objections, however, declined to grant the relief sought in I.A.No.8. The learned Judge was of the view that if amendment is allowed, the same would relate back to the date of filing of the suit and therefore, if amendment is allowed, it would cause serious prejudice to the interest of the defendants as they would be liable for the acts which may amount to infringement of trademark under Trade Marks Act. The learned Judge was of the view that if

defendants are guilty of trademark infringement, the petitioners/plaintiffs are entitled to file a separate suit for infringement of trademark based on a new cause of action. It is in this background, learned Judge was of the view that there is no justifiable grounds to allow the amendment application. On these set of reasonings, the learned Judge has proceeded to reject the application which is under challenge.

6. Learned counsel appearing for the petitioners reiterating the grounds urged in the writ petition would contend that the order under challenge is patently erroneous and the learned Judge has not considered the judgments cited by the plaintiffs to substantiate the relief sought in I.A.No.8. He would vehemently argue and contend that the fundamental ground on which suit is based would remain the same. Mere adding additional cause of action by way of proposed amendment would in no way change the very fundamental character of the relief sought in the present suit and therefore, he would point out that the impugned order under challenge is contrary to the judicial propositions laid down by various Courts and therefore, would warrant interference at the hands of this Court.

7. Learned counsel appearing for the plaintiffs has placed reliance on the following judgments:

1. *Vidyabai & Ors. Vs. Padmalatha & Anr. – 2008 SCC Online SC 1865*
2. *Shanmukappa S.B. and Ors. Vs. H. Henjarappa – MANU/KA/0102/2018*
3. *A. Abdul Karim Sahib vs. A. Shanmugha Mudaliar – 1966 SCC Online Mad 235*
4. *Anglo Dutch Colour & Varnishing Works Pvt. Ltd. Vs. Indian Trading House – 1980 SCC Online Del 516*
5. *Usha International and Ors. Vs. Usha Television Ltd. – MANU/DE/0260/2002*
6. *Sinhal Metal Industries Pvt. Ltd. Vs. Royal Enterprises – 1997 SCC Online Del 923*
7. *Flight Center Travels Pvt. Ltd. Vs. Flight Centre Limited and Ors. – 2013 SCC Online Del 331*
8. *Columbia Sportswear Company vs. Harish Footwear and Ors. – MANU/DE/5440/2016*
9. *S. Syed Mohideen vs. P. Sulochana Bai – 2015 SCC Online SC 1084*
10. *Hindustan Unilever Ltd. Vs. AN Opposing Party – MANU/MH/1005/2021*
11. *Minister White Clothing vs. K.R.Nagarajan – MANU/TN/7243/2021*
12. *ITC Limited vs. Maurya Hotel (Madra) Pvt. Ltd. – A.No.2209/2021 in C.S.No.908/2000*

8. Learned counsel appearing for the petitioners placing reliance on the judgment rendered by the Madras High Court in the case of **A. Abdul Karim Sahib vs. A. Shanmugha Mudaliar** (*supra*) would contend that on account of supervening event of registration of trademark, Court can take cognizance of the said fact and can allow the amendment prayed in the interest of justice. Referring to the said judgment, he would contend that Madras High Court in an identical case held that statutory law narrating the infringement of trademark is based on the same fundamental idea of law relating to passing off. He would further contend that the Madras High Court held that there are certain procedural differences between the two. But, in substance and in effect, an action for passing off can easily be telescoped into an action for infringement and *vice versa*. He would further place reliance on the judgment rendered by the Delhi

High Court in the case of **Anglo Dutch Colour & Varnishing Works Ltd. Vs. Indian Trading House** (*supra*). Referring to the Delhi High Court judgment which is on the same line, he would contend that the Delhi High Court in identical case held that even if the proposed amendment introduces a new cause of action, that may not in itself necessitate a fresh trial and that cannot be a ground to refuse amendment as the suit initially being one for passing off, by way of an amendment would not have the effect of converting the suit of one character into a suit of other character.

9. Learned counsel would further place reliance on the judgment of the Delhi High Court in the case of **Usha International and Ors. Vs. Usha Television Limited** (*supra*). Placing reliance on the said judgment, he would contend that the Delhi High Court while considering the amendment of plaint sought by plaintiff seeking leave to raise additional grounds on infringement of trademark held that the basic facts stated in the plaint covers the entire controversy between the parties except the registration of design of plaintiff and therefore, the proposed amendment will not prejudice the defendants in any manner even though it introduces a new cause of action in the strict technical sense. He would further place reliance on the Delhi High Court judgment rendered in the case of **Sinhal Metal Industries Pvt. Ltd. Vs. Royal Enterprises** (*supra*). Placing reliance on the said judgment, he would contend that the Delhi High Court held that refusal of amendment of plaint would only lead to multiplicity of proceedings. Therefore, the Delhi High Court in the judgment cited *supra* held that to avoid multiplicity of proceedings, the proposed amendment can be allowed. The Delhi High Court in the said judgment held that though suit is based on account of passing off similar goods by the defendants deceptively, action for infringement on the same principle lies when the trademark is registered. Therefore, the Delhi High Court was not inclined to accept the contention of defendants that suit for infringement constitute a totally new cause of action when a suit for infringement and a suit for passing off is still pending, can be incorporated by way of amendment to avoid multiplicity of proceedings between the parties.

10. He has further placed reliance on the judgment rendered by the Division Bench in the case of **Flight Center Travels Pvt. Ltd. Vs. Flight Centre Limited & Anr.** (*supra*). Referring to the said judgment, he would contend that the Delhi High Court held that subsequent registration of mark was only a fact which fortifies plaintiffs' case and such an amendment did not necessitate fresh summons. Amendment is really in the nature of additional mode of relief and not substantive in nature.

11. To buttress his arguments, he has also placed reliance on the judgment rendered by the Delhi High Court in the case of **Columbia Sportswear Company vs. Harish Footwear and Ors.** (*supra*) which is on the same line. He would conclude his arguments by placing reliance on the judgment rendered by the Apex Court in the case of **S.Syed Mohideen vs. P. Sulochana Bai** (*supra*). Learned counsel for the petitioners has also placed reliance on the judgment rendered by the Madras High Court in the case of **Minister White Clothing vs. K.R.Nagarajan** (*supra*).

12. Referring to the above said citations, learned counsel for the petitioners would contend that the learned Judge has not at all dealt with the additional relief sought in the amendment application. He would further contend that the learned Judge has virtually misread the material placed on record by the plaintiffs and the approach adopted is found to be hyper technical and therefore, he would contend that the order under challenge is not at all sustainable and hence, prayed to allow the writ petition.

13. Per contra, learned counsel appearing for the respondents/defendants placing reliance on the judgment rendered in the case of **Maya Appliances (P) Ltd. Vs. Urooj Ahmed Lords Enterprises (India)**¹ would vehemently argue and contend that plaintiffs cannot convert the suit filed under common law remedy to a statutory suit under the Trade Marks Act. The reliefs that are pursued under common law and one under the Trade Mark Act, there is a stark distinction and the foundation to seek reliefs are totally on different footing and therefore, he would contend that the learned Judge was justified in rejecting the application. He would further strongly object to the claim of the plaintiffs that registration granted would date back to the date of application and therefore, plaintiffs are entitled to seek amendment of plaint. He would contend that while it may be convenient to the plaintiff to institute a suit in a court where he may later on be able to bring a suit for infringement of trademark, the convenience of plaintiffs is in no way relevant for deciding as to whether cause of action for filing a suit for passing off can be said to have arisen in a place where the deceit alleged to have been practiced by the defendant. He would further contend that cause of action is not to be confused with convenience.

14. Learned counsel would further strongly object to the relief sought in the amendment application. Placing reliance on Section 2(w) of the Trade Marks Act which defines 'registered trade mark', he would contend that 'registered trademark' to mean a trademark which is actually on the register and remaining in force. Therefore, he would contend that where a trademark is yet to be registered and if it is an action in respect of a trademark which is yet to be registered, the place of suing will be in terms of Section 134(1)(c) of the Trade Marks Act read with Section 20 of CPC. Therefore, the cause of action relating to infringement of trademark would arise for consideration only if the trademark is registered and is actually on the register and a right is conferred as provided under Section 28 of the Act.

15. Placing reliance on the judgment rendered by the Madras High Court in the case of **Thalappakatti Naidu Ananda Vilas Biriyan Hotel vs. Thalapakattu Biriyan and Fast Food**², he would contend that the registration is certainly a fresh cause of action and therefore, he would contend that the right conferred by Section 28(1) of the Act crystallized only upon registration of trademark on 22.09.2010 and therefore, subsequent events cannot be introduced in a pending suit for passing off. The deeming fiction available in respect of registration cannot be extended to cause of action and therefore, he would contend that the learned Judge was justified in rejecting the application.

16. Learned counsel coming to the scope of enquiry under Article 227 of the Constitution of India would contend that the power under Article 227 is one of judicial superintendence and cannot be exercised to upset the conclusions of facts, however erroneous they may be and therefore, he would contend that this Court cannot arrogate to itself the power of the Appellate Court and interfere with the order merely because different view is possible in the case on hand.

17. Supporting the reasons assigned by the learned Judge, he would contend that the learned Judge has rightly dealt with the case on hand and was justified in not inclining to allow the amendment application and since there is no error apparent on the face of the record, he would request this Court not to exercise the extraordinary

¹ MANU/TN/3919/2016

² 2011 SCC Online Mad 780

jurisdiction conferred on this Court under Article 227 of the Constitution of India. If the view taken by the trial Court is found to be a plausible view, this Court normally should not interfere with the finding of the trial Court by invoking visitorial jurisdiction conferred on this Court under Article 227 of the Constitution of India.

18. Heard learned counsel appearing for the petitioners and learned counsel appearing for the respondents. I have given my anxious consideration to the impugned order under challenge. I have also gone thorough the judgments cited by both the parties.

19. The plaintiffs have instituted suit for injunction simplicitor restraining the respondents from unauthorizedly and illegally misusing the petitioners' mark 'MILAAP'. In the plaint, the plaintiffs have clearly indicated that their application seeking registration is pending consideration before the authority. The application in I.A.No.8 is filed seeking amendment of the plaint seeking leave of the Court to incorporate the prayer relating to infringement of trademark on account of registration of trademark.

20. The defendants are resisting this application on the ground that it introduces a new cause of action which is accrued after fling of the suit and therefore, the proposed amendment if allowed would adversely effect the defendants rights and the same would cause serious injustice. The entire thrust that is laid by defendants is that plaintiffs can maintain a separate suit insofar as proposed amendment is concerned. The application is also resisted on the ground that the cause of action for the first suit is for passing off while the prayer sought by way of proposed amendment relates to infringement which is a statutory remedy and both reliefs are totally on a different footing and cannot be examined in the pending suit.

21. This proposition is accepted by the learned Judge and the learned Judge has proceeded to reject the application. The impugned order is not sustainable on two counts. Firstly, the procedure adopted by the learned Judge is patently erroneous. The learned Judge while deciding I.A.No.8 has clubbed and passed a common order on I.A.Nos.1, 2, 4, 6 and 8. The applications in I.A.Nos.1 and 2 are filed under Order 39 Rules 1 and 2 of CPC and the applications in I.A.Nos.4 and 6 are filed under Order 39 Rule 4 of CPC. Though learned Judge has formulated separate points, while passing order he has taken all the points together and reasons are assigned. Therefore, what emerges from the order under challenge is that there is virtually random discussion in regard to the plaintiffs' claim for relief of interim injunction in the applications filed in I.A.Nos.1, 2, 4 and 6 and the relief sought in I.A.No.8 which is one for amendment of plaint. Several judgments are cited and the impugned order virtually runs into 109 pages. With great difficulty, this Court was able to trace out the relevant discussion and reasons assigned on I.A.No.8 which is found at para 65 of the impugned order under challenge.

22. The learned Judge has proceeded to reject the application solely on the ground that there is no bar for plaintiffs to file a separate suit for infringement of trademark which is based on an independent and a subsequent cause of action. Therefore, learned Judge was of the view that plaintiffs have not made out any ground for allowing the amendment application. Firstly, learned Judge ought to have passed a separate order on I.A.No.8 for better appreciation of material on record. Even if learned Judge decided to pass a common order, it was incumbent on the part of the learned Judge to atleast decide I.A.No.8 independently which is not done in the present case on

hand. Learned Judge has formulated points at para 26 and point No.5 relates to the relief sought in I.A.No.8. The learned Judge proceeds to decide all the applications together and point Nos.1 to 5 are answered together and not independently. Atleast the application filed in I.A.No.8 ought to have been decided independently. Therefore, the procedure adopted by the learned Judge is found to be very defective and there is blatant error in procedure in dealing all the applications together.

23. Now coming to the reasons assigned by the learned Judge while rejecting the application on the ground that plaintiffs can maintain a separate suit and therefore, they cannot seek amendment of the plaint is patently erroneous. The Hon'ble Apex Court in the case of **Sampath Kumar vs. Ayyakannu & Another**³ has held that if amendment application is resisted only on the ground that plaintiff can maintain a separate suit, then there should be no impediment in allowing the amendment to avoid multiplicity of proceedings.

24. The Madras High Court in the case of **A. Abdul Karim Sahib vs. A. Shanmugha Mudaliar** (*supra*) has held that though there are certain procedural differences in the suit seeking injunction against passing off and the statutory law relating to infringement of trademarks, however, the Madras High Court in the above cited judgment held that in substance and in effect, an action in passing off can easily be telescoped into an action for infringement and *vice versa*. The Madras High Court taking note of the principles laid down by the Apex Court in the case of **Nischalbai vs. Jaswantilal** (**AIR 1966 SC 997**) was of the view that if plaintiff is in a position to bring in another suit for infringement, amendment should not be refused. The Apex Court in the case of **Nischalbai** (*supra*) held that object for allowing amendment of plaint in such cases is to avoid multiplicity of proceedings.

25. The Apex Court in the case of **Bengal Waterproof Limited vs. Bombay Waterproof Manufacturing Company and Another**⁴ held that there is no limitation in an infringement action as the cause of action is continuous and so long as the infringement continued, the right to sue also keeps accruing. Similarly, the controversy relating to passing off, cause of action is obviously continuous and keeps accruing.

26. The Full Bench of Madras High Court in the case of **Subramanian vs. Sundaram**⁵ has held that the discretion of the Court, under its inherent powers, to adjust the rights of parties on the basis of events happening after the starting of the action, is well recognised and accepted as a rule of justice, equity and good conscience. The Full Bench of Madras High Court was of the view that in deserving cases, it is the duty of the Court to advert to the subsequent events brought to its notice lest it should fail to do substantial justice between the parties.

27. The primary issue involved in both the cases is on account of wrong of the defendants. Therefore, cause of action for maintaining of the suit on account of passing off or infringement is virtually based on same set of facts. Therefore, if plaintiffs, post registration of trademark, intends to amend the plaint and incorporate the relief on account of infringement, at the most it amounts to enlargement of that wrong which is initially filed alleging passing off.

28. In the present case, the plaintiffs do not intend to convert the suit for passing off into a suit for infringement. By proposed amendment, plaintiffs intend to add additional

³ (2002) 7 SCC 559

⁴ (1997) 1 SCC 99

⁵ (1963) 1 MLJ 113

reliefs relating to infringement. It is not the case of the defendants that amendment sought lacks bonafides or is tainted with malafides. The application is resisted by the defendants only on the ground that the subsequent relief is based on subsequent events and therefore, same cannot be decided in a pending suit which is one for passing off.

29. The action for passing off is brought by a user of trademark when the trademark is not registered. The fact remains that plaintiffs have alleged that they have suffered on account of similar goods being passed on by the defendants deceptively as that of plaintiffs. The action for infringement on the same principle lies when the trademark is registered. If the proposition and contention propagated by the defendants is to be accepted and if plaintiffs have to be relegated to file a separate suit, it would only lead to multiplicity of proceedings between the parties which should be avoided. The defendants have not been able to convince this Court as to how the proposed amendment cannot be entertained in the present suit. Merely because the suit for passing off is covered under the common law and a cause of action for infringement of trademark is governed under special statute, that in itself cannot be a ground to decline the leave to the plaintiffs to amend the plaint.

30. If the cause of action for infringement and passing off actions are substantially identical and same in law and both the reliefs are virtually based on the same fundamental idea and if plaintiffs intend to incorporate the relief relating to infringement of trademark, that would not fundamentally change the character of the suit and it would only be in the nature of alternative relief.

31. The litigation in these categories often burden the Courts. Even on trivial issues, both the parties to the suit often on account of abundant precaution tend to file too many documents, lengthy arguments are extended, voluminous documents are produced and the pleadings are also unnecessarily found lengthy. In such a scenario, if plaintiffs were to be relegated to file independent suit that does not only lead to multiplicity of proceedings, the valuable time of the Court is also utilized to decide identical issue under two separate suits. In my opinion, the basic structure of suit which is one for passing off would not in any way stand altered by the proposed amendment. What is sought by way of proposed amendment is to incorporate additional relief relating to infringement. If in the opinion of the trial Court, it was open to the plaintiffs to file a fresh suit and if that was one of the reason which prompted the trial Court to relegate the plaintiffs to file a separate suit, then the impugned order under challenge is not sustainable in the light of the principles laid by the Apex in the case of **Sampath Kumar vs. Ayyakannu & Another** (*supra*) Therefore, I am of the view that the principles laid down by the Apex Court in the case of **Sampath Kumar vs. Ayyakannu & Another** (*supra*) have to be strictly implemented in such cases.

32. If plaintiffs are not precluded in maintaining a separate suit, then the Court should always lean in favour of plaintiffs and exercise judicial discretion and allow all amendments and bring in multiple dispute under one umbrella and decide the case on merits. All these significant details are not dealt with by the learned Judge. The entire approach is found to be quite superficial. Therefore, the impugned order under challenge is not sustainable.

33. The impugned order under challenge suffers from grave error. The order also runs contrary to the settled proposition of law that all amendments, as may be necessary for the purpose of determining the real questions in controversy between

the parties, are to be liberally allowed. The proposed amendment, if allowed to be introduced, is not found to be mutually destructive with the existing reliefs in the plaint. The proposed amendment will not cause any prejudice to the defendants. The proposed amendment does not purport to set up a new case and if allowed, does not lead to injustice to the defendants.

34. The learned Judge has not taken into consideration as to whether the proposed amendment sought to be made is found to be frivolous or raises a plausible plea. The impugned order under challenge is not sustainable as learned Judge has proceeded to reject the application only on the ground that plaintiffs can maintain a separate suit. The error committed by the learned Judge is found to be apparent and further reveals that there is total mis-appreciation of pleadings and misconstruction of law. This Court would also find that the learned Judge has adopted an erroneous approach while appreciating the material placed along with amendment application and therefore, the findings recorded by the learned Judge while rejecting the application are bound to be vitiated and therefore, is liable to be struck down by exercising extraordinary jurisdiction under Article 227 of the Constitution of India.

35. For the foregoing reasons, I pass the following:

ORDER

- (i) The writ petition is allowed;
- (ii) The impugned order dated 28.10.2021 passed in O.S.No.2280/2019 is set aside;
- (iii) Consequently, I.A.No.8 is allowed and plaintiffs are permitted to amend the plaint and incorporate the proposed amendment;
- (iv) It is open for the defendants to file additional written statement, if they chose to do so.

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