HIGH COURT OF JUDICATURE FOR RAJASTHAN
BENCH AT JAIPUR

S.B. Civil First Appeal No. 283/2020

M/s Khandelwal Dhaba, Road No. 8, Vishwakarma Industrial Area, Sikar Road, Jaipur (Raj) Through Proprietor Shri Manoj Bhagchandani

----Appellant

Versus

M/s Khandelwal Dhaba, Road No. 8, Vishwakarma Industrial Area, Sikar Road, Jaipur (Raj) Through Proprietor Shri Mohit Khandelwal

----Respondent

For Appellant(s)	:	Mr. Ghanshyam Das Bansal, Mr. Dharmendra Kumar Gupta, Mr. Rishabh Bansal
For Respondent(s)	:	Mr. Yogesh Pujari

HON'BLE MR. JUSTICE SANJEET PUROHIT

JUDGMENT

1. Date of conclusion of arguments	**:**	**15/10/2025**
2. Date on which judgment was reserved	**:**	**15/10/2025**
3. Whether the full judgment or only the operative part is pronounced	**:**	**Full Judgement**
4. Date of pronouncement	**:**	**15/01/2026**

REPORTABLE

1. The present appeal has been filed by the appellant - defendant challenging judgment and decree dated 10.12.2019 passed by the court of Additional District Judge No. 14, Jaipur Metropolitan, Jaipur ("learned trial Court") in Civil Suit No.40/2012 (312/2010), allowing the suit filed by the respondent-plaintiff and decree of permanent injunction has been passed restraining appellant-defendant from using

trademark and firm's name "Khandelwal Dhaba" / M/s. Khandelwal Dhaba" in connection with restaurant/dhaba run by the respondent-plaintiff.

BACKGROUND FACTS:-

2. The factual matrix giving rise to present appeal, emerges from the record are as follows :-

2.1 The plaintiff Mohit Khandelwal instituted Suit praying for a decree of permanent and mandatory injunction and settlement of the accounts against defendant before learned trial court, on the ground of passing off in relation to the trademark / trade name "KHANDELWAL DHABA".

2.2. As per averments made in the plaint, plaintiff has been continuously operating sole proprietorship firm under the name and style of M/s Khandelwal Dhaba since 20.08.2001, which is running restaurant/dhaba in the name of “Khandelwal Dhaba”.

2.3. It is averred that through the consistent and continuous use of the said trademark/firm name for an extended period of time, plaintiff has acquired substantial and appreciable goodwill and reputation under the trade name "KHANDELWAL DHABA".

2.4. The plaintiff contended that by virtue of being first in adoption of the trademark in question/firm name since 2001, the firm has obtained exclusive and indefeasible rights to the use and benefit of the same and ordinary prudent person would associate and identify the said trademark exclusively with the plaintiff.

2.5. The plaintiff alleged that defendant has acted with dishonest and malicious intention and has fraudulently appropriated the said firm name and trademark "KHANDELWAL DHABA", which is admittedly identically similar to and deceptively resembles the long-established trademark of the plaintiff and established a restaurant / dhaba in the same tradename just adjacent to restaurant / dhaba of plaintiff, thereby creating a substantial likelihood of confusion and deception amongst the consumers and the general public. Thus, has violated the provisions of Sections 27(2) and 134(c) of the Trade Marks Act, 1999.

2.6. The plaintiff further alleged that defendant filed an application for registration of the trademark "KHANDELWAL DHABA" under Application No. 1929579 dated 03.03.2010, in which defendant explicitly admitted to the user of the said trademark only since 01.04.2009.

2.7. The plaintiff contended that defendant is neither lawful proprietor of the disputed trademark within the meaning of Sections 12, 18 and 34 of the Trade Marks Act, 1999, nor the first user thereof and that defendant has sought to reap and appropriate the substantial goodwill and reputation already established by the plaintiff in relation to the said trademark and firm name.

2.8. The plaintiff thus prayed for a decree of permanent and mandatory injunction against the defendant on the ground of passing off.

3. Appellant-defendant filed a written statement along with counter claim, thereby putting forth the following defence and contentions:-

3.1 It is contended that Manoj Bhagchandani is proprietor of defendant firm M/s Khandelwal Dhaba and Dinesh Bhagchandani is duly authorized to conduct all legal proceedings before the Courts on behalf of the said proprietor.

3.2 Denying the contents of plaint, it is stated that plaintiff is neither the prior user, adopter and sole proprietor of brand name/trade name “Khandelwal Dhaba” nor is legally entitled to use the said trade name under the Trademark Act. Main contention advanced by the defendant was that actual rightful and prior user of the said trademark / brandname is Shyam Sunder Khandelwal son of Shri Ramdas Khandelwal, who has been engaged in the operation and management of a sole proprietorship concern under the name and style of "M/s. Khandelwal Pavitra Bhojnalya" since 1977, and has been continuously conducting such restaurant / dhaba without any break or interruption.

3.3 The defendant asserted that Shri Shyam Sunder Khandelwal had earlier granted oral authorization to the appellant-defendant to commence operations under the name and style of "M/s Khandelwal Dhaba" and has furthermore granted written consent by executing a document dated 13.04.2010, evidencing such authorization.

3.4 Under said authorisation, the defendant claimed himself to

be a lawful proprietor and prior user of the disputed trademark. Additionally, defendant denied the fact that plaintiff has been conducting a Dhaba or restaurant business under the name "KHANDELWAL DHABA" since 2001.

3.5 Along with the written statement, the defendant also filed a counter claim stating therein that in view of the authorisation granted by the original owner of the brand name/trade name i.e. Shri Shyam Sunder Khandelwal, defendant alone is entitled to run the business in the name of "Khandelwal Dhaba" and therefore, prayed for a decree of permanent injunction to restrain respondent-plaintiff from using the said trademark and operating the Dhaba in the name of "Khandelwal Dhaba".

4. On the basis of pleadings of the parties, learned trial court framed following issues for adjudication:-

> 1. आया वादी एक प्रोपराईटर फर्म है, जो खण्डेलवाल ढाबा चलाने के ब्राण्डनेम व ट्रेडनेम से व्यवसाय करता है तथा कॉपीराईट एक्ट की धारा 55 एवं 58 के तहत् कार्यवाही करने में सक्षम है?
> 2. आया वादी, प्रतिवादी के विरूद्ध खण्डेलवाल ढाबा व उसके ब्राण्डनेम नाम से उपयोग व इससे मिलते जुलते नाम का दुरूपयोग करने के बाबत् प्रतिवादी के विरूद्ध शाश्वत् व्यादेश पाने का हकदार है?
> 3. आया वादी, प्रतिवादी के विरूद्ध ब्राण्डेड नेम तथा ट्रेडनेम खण्डेलवाल ढाबा के तहत् उपलब्ध करवाई गई उत्पाद बिक्री की राशि से प्राप्त आय का लाभ का हिसाब विपक्षी की आय से प्राप्त करने का बंटवारा कराकर प्राप्त करने का हकदार है?
> 4. आया प्रतिवाद पत्र के चरण क्रमांक एक के अनुसार मनोज भागचन्दानी खण्डेलवाल ढाबा की एकल स्वामित्व फर्म का स्वामी है तथा श्याम सुन्दर खण्डेलवाल ढाबा के प्रायर यूजर है, वह वादी के विरूद्ध शाश्वत् व्यादेश खण्डेलवाल ढाबा/पवित्र भोजनालय व उसके नामों से ढाबा / रेस्टोरेन्ट न चलाने बाबत् प्राप्त करने का हकदार है?
> 5. आया प्रतिवादी के काउन्टर क्लेम के अनुसार हिसाब बंटवारा प्राप्त करने के हकदार है?
> 6. आया प्रतिवादी हर्जा विशेष पाने का हकदार है?
> 7. अनुतोष

5. Learned trial court, after concluding the trial, vide

Judgment and decree dated 12.05.2017 allowed the suit of the respondent-plaintiff and passed a decree of permanent injunction restraining appellant-defendant from using the trademark "KHANDELWAL DHABA" and simultaneously, dismissed the counter claim filed by the appellant-defendant.

6. An appeal was preferred before this Court challenging the judgment and decree dated 12.05.2017 and this Court vide judgement dated 23.10.2019, stayed effect and operation of the judgment dated 12.05.2017 and remitted back the matter to the learned trial court for adjudication on Issue No. 4 afresh.

7. During the course of the trial, P.W.-1 - Mohit Khandelwal appeared as plaintiff witness, who testified that his firm had been operating the dhaba since 20.08.2001 and the brand name "Khandelwal Dhaba" had gained continuous and uninterrupted reputation since its inception. He also stated that he was first user of the said Trademark since 2001 and had exercised his rights continuously without any interruption. Various documents have been exhibited in evidence i.e. Exhibit-1 to Exhibit-60, which included telephone bills, purchase bills from various suppliers, trade organization certificates, food licenses and receipts issued by the Municipal Corporation, Sales Tax registration from the Commercial Tax Department, trademark applications filed with the Government of India, Trademark Registry, a copyright certificate and an Arms Act license, to establish continuous and uninterrupted use of the trademark in question.

8. On the other hand, D.W. -1, Dinesh Bhagchandani, deposed that Shyam Sunder Khandelwal, the proprietor of M/s Khandelwal Pavitra Bhojnalaya had been providing dhaba and restaurant services since 1977 and was the original prior user and lawful proprietor of the brand name "Khandelwal Dhaba." He stated that Shyam Sunder Khandelwal had granted verbal and written consent to the defendant on 13.04.2010 to carry on business under the said brand name, thereby transferring all rights to the defendant. The defendant submitted documentary evidence in the form of Ex.A/1 to Ex.A/10, which included shop registration certificate, Municipal Corporation's license and the consent letter dated 13.04.2010 purportedly transferring rights from Shyam Sunder Khandelwal to the defendant.

9. After consideration of the oral as well as documentary evidence on record, learned trial court recorded finding that the plaintiff has successfully established prior and continuous user of the trademark in question since 2001 whereas the defendant has failed to establish his so called authorisation from Shri Shyam Sunder Khandelwal who was said to be the original prior user of the trademark in question. The learned Trial Court observed that as per the admitted documents of defendant himself, the trademark/tradename “Khadelwal Dhaba” has been put to use by the defendant from 2009 only that too, without justification, hence decided the issue No.1 and 2 in favour of the plaintiff and issue No.4 as against the defendant. Since, no evidence was produced relating to loss of profit, therefore the

issue No.3 was decided as against the plaintiff. In view of the adjudication made in relation to issue No.1,2 and 4, the issue No.5 and 6 were decided as against the defendant.

On the basis of said findings, the learned trial Court vide judgment and decree dated 10.12.2019 has allowed the suit of plaintiff and issued decree of permanent injunction restraining the defendant from using the brandname / tradename Khandelwal Dhaba / M/s. Khadelwal Dhaba by himself or through its agents or representatives.

10. Being aggrieved by the judgment and decree dated 10.12.2019, appellant-defendant has filed present appeal.

SUBMISSIONS ON BEHALF OF THE APPELLANT:-

11. Challenging the impugned judgment and decree, counsel for the appellant argued that findings of learned trial Court are based on misreading of evidence, surmises and conjectures and thus, perverse and illegal. Learned Court below failed to correctly appreciate the principle of "user" of a trademark, as the plaintiff, despite claiming use since 2001, did not produce any sales invoices or bills of M/s Khandelwal Dhaba to prove actual commercial use, which is a primary legal requirement in a case of passing off for establishing prior and continuous user of trademark.

11.1 While challenging findings of learned trial court on Issue No.4, counsel for the appellant-defendant argued that all the documents exhibited on behalf of the plaintiff relate merely to the procurement of raw materials and equipment or telephone

bills however, no documents such as photographs of the Dhaba, bills issued to the consumers or advertising materials were produced to establish actual functioning of the Dhaba or rendering of services of that nature by the plaintiff.

11.2 Counsel for the appellant-defendant further contended that reliance placed by the learned trial court on the copyright registration certificate as well as on the trademark application submitted by the plaintiff was misconceived and the same are irrelevant in the case of passing off to establish continuous use since 2001. It is argued that copyright registration is governed by a separate statute and therefore, has no relevance or evidentiary value in the present suit.

11.3 While referring specifically to Exhibit-57, it was argued that VAT registration of the plaintiff was issued in the name of "Khandelwal Pavitra Bhojanalay", which raises doubts regarding actual use of the trade name "Khandelwal Dhaba."

11.4 Counsel for the appellant-defendant relied upon the definition of the term "user" under Section 2(2)(c) of the Trademarks Act and submitted that documents place on record, are not sufficient to establish the actual operation or performance of the claimed services by the plaintiff.

11.5 It was further argued that although the Act does not specifically define the term "passing-off" but establishment of two conditions in reference to Section 2(zb) and Section 134(c), i.e. (i) existence of the trademark, and (ii) its actual prior use by the plaintiff, preceding the defendant's use are *sine qua non*, were also not satisfactorily established by the plaintiff.

11.6 Counsel for the appellant-defendant argued that the concept of passing-off is based on goodwill, reputation and the likelihood of confusion or deception, all of which depend on proof of actual use. The plaintiff, however, failed to place on record any evidence proving goodwill or reputation attached to the trademark or any material showing loss or confusion caused by the defendant's use of the mark. Therefore, in the absence of such evidence, decree of passing-off granted by the learned trial court is unsustainable.

11.7 Counsel for the appellant relied upon judgments passed in the cases of ***Sudhir Bahal Vs. Khyber Restaurant and Anr. : 2013 (56) PTC 508 (IPAB), SmithKline Beechem PLC Vs. Sunil Sarmalkar & Ors. : 2012 (52) PTC 418, Amarvati Enterprises Vs. Karaikadu Chettinadu : 2008 (36) PTC 688, Fedders Lloyd Corporation Ltd. & Anr. Vs. Fedders Corporation : 2005 (30) PTC 353 (Delhi) and K. Narayanan and Anr. Vs. S.Murali : 2008 (38) PTC 22 (SC).***

SUBMISSIONS ON BEHALF OF THE RESPONDENT:-

12. Per contra, counsel for the respondent-plaintiff submitted that the prior user of the trademark for running the Dhaba had been convincingly established through documentary evidence. Hence, decree impugned passed by the learned trial court was wholly justified.

12.1 Learned counsel for the respondent-plaintiff also objected to the appellant-defendant's argument regarding non-user of said trademark / trade name by the plaintiff and referred to

averments of the written statement and counter-claim, wherein it was specifically admitted that the plaintiff has been running the Dhaba / restaurant under the name "Khandelwal Dhaba." Counsel for the respondent stated that as per Order VIII Rule 5 CPC, admitted facts need not be proved again.

12.2 It was further submitted that the defendant has never raised an objection that plaintiff was not running the Dhaba under the trademark in question during the trial nor any such ground taken in the memo of appeal. It is thus, objected that the appellant cannot be permitted to raise new ground at the time of arguments.

12.3 Counsel for the respondent stated that the nearly 60 documents exhibited during the trial, clearly established the plaintiff not only user but prior user of the trademark. The respondent-plaintiff referred to Exhibits 42, 47 and 51, through which permission was granted by the Municipal Corporation - Jaipur for operating a Bhatti (cooking furnace), purchase bills of Commercial Gas Cylinders etc. thereby confirming that the plaintiff was continuously engaged in restaurant activities. The respondent-plaintiff also relied upon the cross-examination of the defendant's sole witness, wherein several admissions were made regarding continuous running of business/dhaba by the plaintiff.

12.4 It was argued that appellant-defendant's deceitful intention was evident from the fact that he established a restaurant under the identical name "Khandelwal Dhaba" adjacent to the respondent-plaintiff's existing Dhaba, despite

belonging to the Sindhi community, where the surname "Khandelwal" does not exist. Hence, the adoption of the same name was deliberate, aimed at causing confusion and deception.

12.5 Regarding goodwill and reputation, it is argued that same was established through Exhibit-58. Although, appellant-defendant objected to Exhibit-57, but it was contended that even respondent-plaintiff had applied for trademark registration under the name "New Khandelwal Dhaba" (Exhibit-A/10).

12.6 Counsel for the respondent vehemently stated that the entire defence of appellant-defendant is based on an alleged assignment of the trade name by Shyam Sunder Khandelwal, however, neither such assignment deed was proved nor so called executor (the respondent-plaintiff's father) examined before the trial court. Therefore, entire defence based on assignment failed and the learned trial Court has rightly taken into account the same.

12.7 Counsel for the respondent relied upon the judgments passed in the case of ***N. Venkataramana Hebbar Vs. M. Rajagopal Hebbar and Ors. : (2007) 6 SCC 401, T.V. Venugopal Vs. Ushodaya Enterprises Ltd. and Anr. : (2011) 4 SCC 85, Sanjha Chulha Vs. Sanjha Chulha & Ors. : (2022) Supreme (Delhi) 1766, Yamaha Hatsudoki Kabushiki Kaisha Vs.Registrar of Trademark decided on 13.06.2025 by Bombay High Court.***

REJOINDER SUBMISSIONS ON BEHALF OF THE APPELLANT:-

13. In rejoinder, learned counsel for the appellant–defendant conceded that there is no dispute regarding similarity of trademarks in question; however, he disputed the date of the plaintiff's actual use. He referred to paragraph 19 of the counter-claim, wherein knowledge of the plaintiff's alleged prior use had been specifically denied. It was further submitted that during the plaintiff's cross-examination, no specific response regarding the claim for damages was elicited therefore, loss or damage was not proved. The appellant also reiterated that, under Section 2(2)(c), an 'offer for sale' includes a representation of service availability, which the plaintiff had failed to establish.

14. I have considered the arguments advanced by learned counsel for the parties, perused the record of the case as also grounds of challenge.

LEGAL POSITION :-

15. Before I pen this judgment and delve into the merits of the case, it is felt desirable to discuss the legal principles pertaining to the concept of "Trademark and Passing Off'' which are not only elementary but also essential and jurisprudentially fossilised with the passage of time.

15.1. In the realm of Intellectual Property Rights jurisprudence, the Court is guided by the well-settled principle that a trademark constitutes not merely a commercial label but embodies the proprietor's goodwill, commercial identity, and the link which consumers rely upon in making purchasing decisions.

Further, the law of passing off, which is a species of unfair competition, aims to prevent a trader from misrepresenting his goods or services as those of another, thereby protecting both consumer autonomy and the economic magnetism attaching to a mark, though not registered.

15.2. The classical Trinity Test with regard to this, was expounded in the English case of ***Reckitt & Colman vs. Borden***; (1990) 1 All ER 873 (HL) and has repeatedly been endorsed by the Hon'ble Supreme Court, including ***S. Syed Mohideen vs. P. Sulochana Bai*** ; *(2016) 2 SCC 683* and ***Wockhardt Ltd. v. Torrent Pharmaceuticals Ltd. & Anr****; (2018) 18 SCC 346*, wherein three basic ingredients required to be established by a plaintiff, were reiterated. This three-tiered requirement comprises of - **(i)** goodwill and reputation in the mark, **(ii)** misrepresentation by the defendant leading or likely to lead to deception, and **(iii)** likelihood of damage.

15.3. The first limb of the Trinity Test mandates the plaintiff to demonstrate the existence of goodwill and reputation in the mark. Goodwill refers to the positive association, commercial value, and source linking character that the mark has acquired through continuous and consistent use, while reputation reflects the extent to which the public has come to recognize the mark as exclusively connected with the plaintiff's business. To satisfy this requirement, the plaintiff must show that the mark has been in use for a sufficient duration, that customers associate the mark with the plaintiff's goods or services and that such recognition has resulted in an identifiable commercial

advantage. Once this goodwill is established, the holder of the same is protected against any attempt by another trader to appropriate or dilute the plaintiff's established identity.

15.4. Misrepresentation, the second limb of the trinity test, does not require proof of fraudulent intent but the wrong lies in the likelihood of deception created by the defendant. As reiterated in ***Wockhardt*** *(supra)*, while relying on the case of ***Laxmikant V. Patel vs. Chetanbhai Shah and Another****; (2002) 3 SCC 65,* deceit is the juridical foundation of the action and the defendant's intention thereafter becomes primarily relevant for deriving equitable remedies such as the grant of injunction. The relevant paragraph of the judgment passed in the case of is reproduced herein below:

> *"**8.** We may indicate, at this juncture, that insofar as the second test is concerned, this Court has in a plethora of judgments held that though passing off is, in essence, an action based on deceit, fraud is not a necessary element of a right of action, and that the defendant's state of mind is wholly irrelevant to the existence of a cause of action for passing off, if otherwise the defendant has imitated or adopted the Plaintiff's mark. We need only state the law from one of our judgments, namely, in Laxmikant V. Patel vs. Chetanbhai Shah and Another, (2002) 3 SCC 65 , which reads as under:*
>
> > *"13. In an action for passing-off it is usual, rather essential, to seek an injunction, temporary or ad-interim. The principles for the grant of such injunction are the same as in the case of any other action against injury complained of. The plaintiff must prove a prima facie case, availability of balance of convenience in his favour and his suffering an irreparable injury in the absence of grant of injunction. According to Kerly (ibid, para 16.16)*

> *passing-off cases are often cases of deliberate and intentional misrepresentation, but it is well-settled that fraud is not a necessary element of the right of action, and the absence of an intention to deceive is not a defence, though proof of fraudulent intention may materially assist a plaintiff in establishing probability of deception. Christopher Wadlow in Law of Passing-Off (1995 Edition, at p.3.06) states that the plaintiff does not have to prove actual damage in order to succeed in an action for passing-off. Likelihood of damage is sufficient. The same learned author states that the defendant's state of mind is wholly irrelevant to the existence of the cause of action for passing-off (ibid, paras 4.20 and 7.15). As to how the injunction granted by the Court would shape depends on the facts and circumstances of each case. Where a defendant has imitated or adopted the plaintiff's distinctive trade mark or business name, the order may be an absolute injunction that he would not use or carry on business under that name. (Kerly, ibid, para 16.97)."*

15.5. The overarching test is one of likelihood of confusion in the mind of an average consumer with imperfect recollection. This holistic approach was reaffirmed in ***Pernod Ricard India Pvt. Ltd. v. Karanveer Singh***; ***2025 SCC Online SC 1701***, where the Supreme Court emphasized that composite marks must be evaluated for their overall impression, including visual, phonetic, structural, and trade-dress similarities. Even if certain elements of a mark are descriptive or common, they can still form the dominant or memorable portion of the mark depending on the manner of use in trade and consumer perception. In ***Pernod Ricard*** (*supra*), the Hon'ble Apex Court

held as under:

> *"**41.** It is a settled principle of trademark law that deceptive similarity does not necessitate exact imitation. What is material is the likelihood of confusion or association in the minds of consumers arising from an overall resemblance between the competing marks. The applicable standard is that of an average consumer with imperfect recollection.*
>
> ***42.** While comparing rival marks, Courts must assess the marks in their entirety, rather than dissecting composite trademarks into isolated components. The dominant feature of a mark may assist in crossing the preliminary threshold of analysis, but the ultimate inquiry must focus on the overall impression created by the mark especially in the context of the relevant goods, trade channels, and target consumers. The proper test is not to place the two marks side by side to identify dissimilarities, but to determine whether the impugned mark, when viewed independently, is likely to create an impression of association or common origin in the mind of the average consumer. Even if a particular component of a mark lacks inherent distinctiveness, its imitation may still amount to infringement if it constitutes an essential and distinctive feature of the composite mark as a whole."*

15.6. Dishonest adoption remains a powerful factor as no trader/owner of a firm ordinarily chooses a mark identical or strikingly similar to that of another unless he intends to benefit from the other's goodwill. Therefore, time and again the Courts of law have drawn adverse inferences where adoption of a particular mark has been unexplained or where the chronology demonstrates that the plaintiff's mark predated the defendant's entry into the market, as illustrated in the case of ***Turning Point v. Turning Point Institute;*** *2018 SCC OnLine Del*

10257, wherein Hon'ble Delhi High Court observed as under:

> *"10.24 ... ...*
>
> > *"13 ... ...*
> >
> > *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 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".''*

15.7. Conversely, pleading of bona fide adoption requires that the defendant demonstrates more than registration an independent conception and credible reasoning for the selection of the mark, and thereafter, a substantial, honest, and concurrent use of the same. Mere registration without actual use, or use commencing only after litigation is triggered, is insufficient to show bonafides. Thus, where adoption is tainted with knowledge or commercial opportunism, the grant of injunction follows as a matter of course because dishonesty aggravates the mischief inherent in passing off.

15.8. In ***Pernod Ricard*** (supra), the Hon'ble Supreme Court

recognized that consumers frequently rely on non-verbal cues, particularly in fast-moving consumer goods and eatery/beverages and therefore similarities even in labels and packaging may independently create actionable confusion. Further, even subtle similarities may be sufficient to deceive, especially where the goods are identical, sold through the same trade channels, targeted at the same class of purchasers, or purchased in haste without detailed scrutiny. Thus, the jurisprudence mandates that even if the mark is visually and phonetically similar, it is very likely to create deception.

15.9. Third requirement "likelihood of damage" does not mandate proof of actual or quantified loss. The law recognises that goodwill is an intangible commercial asset, and its injury is often prospective and inferential. In an action for passing off, proof of actual damage is not a *sine qua non*. The Supreme Court in ***Laxmikant V. Patel*** *(supra)* categorically held that "Once a case of passing off is made out, the likelihood of damage is presumed." The Court further observed that where misrepresentation is likely to cause confusion, injury to goodwill is a natural and foreseeable consequence. In ***Cadila Health Care Ltd. v. Cadila Pharmaceuticals Ltd., (2001) 5 SCC 73,*** the Supreme Court emphasised that even the likelihood of confusion is sufficient to establish injury, particularly where public interest is involved. The Court held that the law of passing off must be applied with greater strictness where the defendant's conduct poses a risk to consumer perception and trust. In ***S. Syed Mohideen*** *(supra)*, the Supreme Court held

that likelihood of damage includes loss of exclusivity and impairment of reputation, irrespective of the size or scale of the plaintiff's business. Courts do not insist on empirical evidence of loss, recognising that goodwill is an intangible asset, the erosion of which may not be immediately measurable and the plaintiff cannot be compelled to wait for actual loss.

15.10. Consumer confusion is the touchstone, and once likelihood of confusion is established, especially in cases involving identical or nearly identical marks for identical goods, the balance of convenience inevitably tilts in favour of the plaintiff. Since the injury to goodwill is irreparable and immeasurable, whereas the defendant suffers no undue hardship by being compelled to trade under a mark honestly his own.

15.11. The jurisprudence concerning the action of passing off and prior user is no longer *res-integra*, having been comprehensively elucidated and authoritatively settled by the Hon'ble Supreme Court in various landmark judgments. Reaffirming this position, the Apex Court in ***S. Syed Mohideen v. P. Sulochana Bai*** reported in ***(2016) 2 SCC 683***, has articulated the determinative criteria for such a cause of action, relevant portions of which are extracted hereunder:

> *"**30.1.** From the reading of Section 27(2) of the Act, it is clear that the right of action of any person for passing off the goods/services of another person and remedies thereof are not affected by the provisions of the Act. Thus, the rights in passing off are emanating from the common law and not from the provisions of the Act and they are*

independent from the rights conferred by the Act. This is evident from the reading of the opening words of Section 27(2) which are "Nothing in this Act shall be deemed to affect rights…."

30.2. *Likewise, the registration of the mark shall give exclusive rights to the use of the trade mark subject to the other provisions of this Act. Thus, the rights granted by the registration in the form of exclusivity are not absolute but are subject to the provisions of the Act.*

30.3. *Section 28(3) of the Act provides that the rights of two registered proprietors of identical or nearly resembling trade marks shall not be enforced against each other. However, they shall be same against the third parties. Section 28(3) merely provides that there shall be no rights of one registered proprietor vis-à-vis another but only for the purpose of registration. The said provision 28(3) nowhere comments about the rights of passing off which shall remain unaffected due to overriding effect of Section 27(2) of the Act and thus the rights emanating from the common law shall remain undisturbed by the enactment of Section 28(3) which clearly states that the rights of one registered proprietor shall not be enforced against the another person.*

30.4. *Section 34 of the Trade Marks Act, 1999 provides that nothing in this Act shall entitle the registered proprietor or registered user to interfere with the rights of prior user. Conjoint reading of Sections 34, 27 and 28 would show that the rights of registration are subject to Section 34 which can be seen from the opening words of Section 28 of the Act which states "Subject to the other provisions of this Act, the registration of a trade mark shall, if valid, give to the registered proprietor…." and also the opening words of Section 34 which states "Nothing in this Act shall entitle the proprietor or a registered user of registered trade mark to interfere…." Thus, the scheme of the Act is such where rights of prior user are recognised superior than that of the registration and even the registered proprietor cannot disturb/interfere with the rights*

of prior user. The overall effect of collective reading of the provisions of the Act is that the action for passing off which is premised on the rights of prior user generating a goodwill shall be unaffected by any registration provided under the Act. This proposition has been discussed in extenso in N.R. Dongre v. Whirlpool Corpn. [N.R. Dongre v. Whirlpool Corpn., 1995 SCC OnLine Del 310 : AIR 1995 Del 300] wherein the Division Bench of the Delhi High Court recognised that the registration is not an indefeasible right and the same is subject to rights of prior user. The said decision of Whirlpool [N.R. Dongre v. Whirlpool Corpn., 1995 SCC OnLine Del 310 : AIR 1995 Del 300] was further affirmed by the Supreme Court of India in N.R. Dongre v. Whirlpool Corpn. [N.R. Dongre v. Whirlpool Corpn., (1996) 5 SCC 714]

30.5. *The above were the reasonings from the provisions arising from the plain reading of the Act which gives clear indication that the rights of prior user are superior than that of registration and are unaffected by the registration rights under the Act"*

15.12. Thus, the settled position of law is that where the adoption is dishonest, it is imperative to restrain the defendant and where the similarity is close and the goods identical, even absence of fraudulent intention, the plaintiff is entitled to relief. Ultimately, the purpose of trademark law is not merely to vindicate proprietary rights but to preserve the integrity of trade and prevent deception, ensuring that the consuming public is not misled and that each trader reaps the rewards of his own enterprise rather than of another’s reputation.

ANALYSIS AND REASONING :-

16. Now this Court will consider the present appeal in the light of aforementioned settled position of law. The primary ground

of challenge, as argued on behalf of the appellant is that the plaintiff has failed to establish the actual use of the trademark and operation of the restaurant/dhaba in the name of Khandelwal Dhaba. As per counsel for appellant the documents exhibited on behalf of the plaintiff were insufficient to establish actual functioning restaurant / dhaba by the plaintiff. It is the fundamental tenet of law of evidence that a fact which is admitted, either expressly or by necessary implication, stands proved and requires no further corroboration. The appellant-defendant himself, in his pleadings in written statement as well as in counter-claim, unequivocally admitted that plaintiff has been running the restaurant in the name of "Khandelwal Dhaba" and prayed in his counter-claim for a decree of permanent injunction against the plaintiff. In this peculiar background, the finding as recorded by the trial Court regarding actual use of trademark/tradename by the plaintiff to establish its prior use is not only supported by the material on record but is decisively established by the appellant-defendant's own statements.

Record of the case also reveals that the appellant-defendant has not disputed the factum of running of dhaba by the plaintiff in the name of Khandelwal Dhaba before the learned trial Court. Therefore, the appellant cannot be permitted to raise the said factual ground contrary to its own pleading, at this appellate stage. In this background, the contention now advanced by the appellant-defendant that plaintiff failed to establish actual use of the trade name, is

wholly untenable.

17. Additionally, the documents exhibited on behalf of plaintiff clearly demonstrates continuous operation of business in the name of Khandelwal Dhaba. The contention of the appellant that mere purchase bills of raw materials and telephone bills are not sufficient to establish actual use of trademark / tradename is wholly preposterous. Apart from said documents, plaintiff also placed on record the documents of various years issued by the Government authorities such as Licence and Receipts of Municipal Corporation, Tax Authorities as well as under Arms Act etc. The said unrefuted documents clearly corroborates the pleadings of the plaintiff and the same were rightly taken into account by the learned trial Court to base its findings in favour of the plaintiff.

18. The Copyright registration as relied upon by the plaintiff, although in itself is not a conclusive proof but the same being considered in the light of other supporting documents so also the application filed by the plaintiff under the Trademark Act showing the use of the trademark since 2001 were also rightly relied upon by the learned trial Court.

The judgments relied upon by the appellant are relating to the cases where plaintiff has not produced sufficient material to establish actual and continuous use; or whereby registration has been obtained by wrong statement of use of trademark; or the case where volume of sale not established as averred; so also the case where defendant’s documents were found more

trustworthy; or the cases where the suit of the plaintiff was based only on the strength of an application of the registration of the trademark/tradename etc. whereas in the present case, actual and continuous use of the trademark by the plaintiff is well established in view of the documentary evidence produced by the plaintiff so also in view of defendant's own admission, therefore, the case laws referred on behalf of the appellant are not applicable in the facts and circumstances of the present case.

This Court is of the firm and considered opinion that the findings recorded by the learned Trial Court in respect of Issue Nos. 1 and 2 are founded upon clear, reliable, and cogent evidence available on record, and therefore, do not suffer from any legal infirmity and are wholly sustainable in the eye of law.

19. On the other hand, appellant-defendant has failed to establish any reasonable basis or bona fide justification for the adoption of the trade name "Khandelwal". The appellant-defendant has not put forth any legitimate justification, whether personal, familial or commercial, for adopting this trade name. The defendant's witness during his cross examination has specifically admitted that he belongs to "Sindhi" community wherein surname "Khandelwal" does not exist nor there is any family member having name "Khandelwal". The defendant has also failed to advance justification of any direct or even remote connection with the tradename "Khandelwal" specifically attached to business of running of dhaba. The inability to

provide a cogent explanation for choosing this specific mark, especially when it is already associated with respondent-plaintiff, gives rise to a strong adverse inference against the appellant-defendant. This clearly establishes a calculated and dishonest intention to trade upon the established goodwill and reputation of the respondent-plaintiff and to pass off their own business as that of the other.

20. Defendant's adoption of tradename "Khandelwal", despite his own surname being "Bhagchandani", and the sudden use of a mark identical to a long-established local restaurant of plaintiff, raises a strong presumption of malafides and an intention to ride upon the plaintiff's goodwill. The inference well-aligns with the judicial principle that "no trader ordinarily selects another's well-known mark unless he intends to trade upon its reputation".

This view of the Court finds ample support from the landmark judgment of the Hon'ble Supreme Court in ***Midas Hygiene Industries (P) Ltd. v. Sudhir Bhatia,*** reported in ***(2004) 3 SCC 90***, the relevant portion of which is reproduced hereunder :

> "***6.*** *In this case it is an admitted position that the respondents used to work with the appellants. The advertisements which had been issued by the appellants in the year 1991 show that at least from that year they were using the mark laxman rekha on their products. Not only that but the appellants have had a copyright in the marks krazy lines and laxman rekha with effect from 19-11-1991. The copyright had been renewed on 23-4-1999. A glance at the cartons used by both the parties shows that in 1992*

when the respondent first started he used the mark laxman rekha on cartons containing colours red, white and blue. ***No explanation could be given as to why that carton had to be changed to look almost identical to that of the appellant at a subsequent stage. This prima facie indicates the dishonest intention to pass off his goods as those of the appellants.***"

emphasis supplied

In the case of ***Kamat Hotels (India) Ltd. v. Intellectual Property Appellate Board*** reported in ***2015 SCC OnLine Mad 13908***, the Madras High Court has held as under :-

"***23.*** *A Division Bench of the Delhi High Court in the decision in Goenka Institute of Education and Research v. Anjani Kumar Goenka [2009 (40) PTC 393 (Del)= AIR 2009 Delhi 139], has considered the disputed word and use of the expression "Goenka" as a trademark and/or trade name. While dealing with the said issue, number of decisions, was considered. The judgment in Montari Overseas Ltd. v. Montari Industries Ltd., [1996 (16) PTC 142 (Del)] was relied on and extracted and*

"When a defendant does business under a name which is sufficiently close to the name under which the plaintiff is trading and that name has acquired reputation and the public at large is likely to be misled that the defendant"s business is the business of the plaintiff, or is a branch or department of the plaintiff, the defendant is liable for an action in passing off. Even if the word "MONTARI" as part of the corporate name of the appellant was derived from the names of the father and father-in-law of the M.D. of the appellant company it would still be liable for an action in passing off as the use of the word "MONTARI" in its corporate name is likely to cause confusion and injure the goodwill and reputation of the respondent, in the sense that this is a reasonable and foreseeable consequence of the appellant"s action. We find from the record of the trial court, which contains the Memorandum of Association of six

Montari group of companies and annual reports of Montari FAO (OS) No. 118/2009 Page 25 Industries Ltd., that Montari group of industries have large operations and some of them have been in business for a long time. The members of the public are likely to mistakenly infer from the appellant"s use of the name which is sufficiently close to the respondent"s name that the business of the appellant"s company is from the same source, or the two companies are connected together.

It is well settled that an individual can trade under his own name as he is doing no more than making a truthful statement of the fact which he has a legitimate interest in making. But while adopting his name as the trade name for his business he is required to act honestly and bonafidely and not with a view to cash upon the goodwill & reputation of another. An individual has the latitude of trading under his own name is in recognition the fact that he does not have choice of name which is given to him. However, in the case of a Corporation the position is different. Unlike an individual who has no say in the matter of his name, a company can give itself a name. Normally a company can not adopt a name which is being used by another previously established company, as such a name would be undesirable in view of the confusion which it may cause or is likely to cause in the minds of the public. Use of a name by a company can be prohibited if it has adopted the name of another company.

It is well settled that no company is entitled to carry on business in a manner so as to generate a belief that it is connected with the business of another company, firm or an individual. The same principle of law which applies to an action for passing off of a trade mark will apply more strongly to the passing off of a trade or corporate name of one for the other. Likelihood of deception of an unwary and ordinary person in the street is the real test and the matter must be considered from the point of view of that person. Copying of a trade name amounts to making a false representation to the public from which they have to be

protected. Besides the name of the company acquires reputation and goodwill, and the company has a right too to protect the same. A competitor cannot usurp the goodwill and reputation of another. One of the pernicious effects of adopting the corporate name of another is that it can injure the reputation & business of that person".

21. There apart, the defendant bitterly failed to establish his sole base of defence of deriving rights from Shyam Sunder Khandelwal (plaintiff's father), who allegedly was the prior user since 1977. Although it is pleaded that an oral authorisation and later on a document of authorisation was executed by Shyam Sunder Khandelwal in favour of the defendant, but neither it was proved in accordance with law as the defendant did not examine Shri Shyam Sunder Khandelwal (the purported executant of the document) in evidence, nor any other witness was produced to testify to its authenticity, execution, or the circumstances under which it was allegedly issued. The document remained as an unproved piece, which was incapable of being read in evidence.

The documents exhibited by the defendant more specifically defendant's own trademark application dated 03.04.2010 clearly disclosed that he commenced use of the identical mark only from 01.04.2009, thereby unequivocally admitting subsequent adoption. Thus, the findings recorded by the trial Court regarding issue No.4 and rejection of defendant's counter claim was wholly justified.

22. This Court finds that the learned trial court has rightly applied settled principles of passing-off action i.e prior user

prevails over later adoption, registration or permission from third parties, and that the misrepresentation lies in the likelihood of deception so also likelihood of damage, as consistently held in the case ***Wockhardt*** (supra) and ***Pernod Ricard*** (supra). The plaintiff has successfully established his prior and continuous use of the trademark in question and it is also clearly found proved that the defendant has dishonestly adopted the identical trademark/tradename "Khandelwal Dhaba" to run his business of same nature, in the same name adjacent to the plaintiff's long standing restaurant with a view to take undue advantage of plaintiffs goodwill and reputation. The classical trinity test: goodwill of the plaintiff, misrepresentation by the defendant, and likelihood of damage to the plaintiff's business and reputation was rightly found established by the learned trial Court in favour of the plaintiff.

23. In view of the discussions made above, this Court finds no legal infirmity in the judgment and decree passed by the learned Trial Court. The judgment and decree impugned warrants no interference, hence upheld.

24. The present appeal, being devoid of merit is, therefore, dismissed.

25. Stay petition and pending applications, if any, also stand disposed of.

(SANJEET PUROHIT),J

Praveen/-