

NANDHINI DELUXE V. KARNATAKA CO-OPERATIVE MILK PRODUCERS FEDERATION LTD. - A CASE COMMENTARY

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ABSTRACT

The present case of Nandhini Deluxe v. Karnataka Co-operative Milk Producer Federation Ltd.¹ deals with the issue of registration of a trademark. A Karnataka cooperative milk company (“Respondent”) registered the mark “Nandini” under class 29 and class 30 in the year 1985. The Respondent had been using the same to produce and sell milk. Nandhini Deluxe, (“Appellant”), is in the business of running a restaurant and adopted the mark of “Nandhini” for its restaurant in the year 1989. The Appellant has applied for registration of the said mark in respect of various foodstuff items sold by it in its restaurant. The registration was opposed by the Respondent on the grounds that the Appellant’s mark is very similar to his mark and may be deceptive in many situations. Therefore, it violates various sections of the Trade Marks Act, 1999 including section 9(2)(a) and 11(1)(b). This case took an ugly turn by revolving around many judicial bodies which included the Deputy Registrar of the Trade Marks, The IPAB (Intellectual Property Appellate Board), and The High court of Karnataka. The case was settled in the Supreme Court of India, which relied on the principle laid down in Vishnudas Trading Co. v. Vazir Sultan Tobacco Co. Ltd² and stated that, “the Court has observed that the monopoly under trademark extends only to the goods which are falling in a particular class and not the entire class of goods and the trademark which is identical or similar in nature, can be registered for the goods which are falling within the same class inasmuch as giving the monopoly to the entire class of goods and services to the registered proprietor and this will further result into trafficking in the trademark, which is not the object and the purpose of the Trademark Act.”

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¹ Nandini Deluxe v. Karnataka Coop Milk Producers Fed. Ltd, (2018) 9 SCC 183

² Vishnudas Trading Co. v. Vazir Sultan Tobacco Co. Ltd, 1996 SCALE (5)267

I. INTRODUCTION

This case is related to the registration of a trademark. The contention of the Respondent was that the Appellant's mark is very similar to his mark and may be deceptive in many situations. In this case, Karnataka cooperative milk adopted the mark of "Nandini" in the year 1985 and under this it has been producing and selling milk as it got this mark registered under class 29 and class 30. The Appellant on the other hand is in the business of running a restaurant and adopted the mark of "Nandhini" for its restaurant in the year 1989 and has applied for registration of the said mark in respect of various foodstuff items sold by it in its restaurant. The registration was opposed by the Respondent under the various sections of the trademark act 1999 in section 9(2)(a), 11(1)(b) of the Act.

This case revolves around four judicial bodies i.e. Deputy Registrar of the Trademark, the IPAB (Intellectual Property Appellate Board), the High court of Karnataka and the Supreme Court of India. Consequently, the case takes many twists and turns and many facts are highlighted at different stages of the case which makes the reader bewildered many times. There were many appeals made in different courts and judicial bodies which in turn changed the Respondent and Appellant sides frequently. The most astonishing part is that the judgments of Deputy Registrar of the Trademark and the Supreme Court were the same, thus the intervention of IPAB and the High Court could be seen as a wasteful process. Another thing in this case which will be seen in animosity is the manner in which the case was dealt by the High court and IPAB respectively, as their approach was obsolete in nature and many threads of law were missed out. The interpretation of law which is considered as the primary job of court and judicial bodies was done very vaguely and the same was questioned by the Supreme Court while hearing the case. The Supreme Court made a strong objection on the deviating nature of IPAB as it first dismissed the appeal of the Respondent on the issue, but later accepted the appeal of the Respondent on the same issue and didn't even refer to the earlier order passed by it therefore the IPAB went against the principle of the estoppel³.

II. CRITICAL ANALYSIS OF THE CASE

A. JUDGMENT UNDER THE DEPUTY REGISTRAR OF TRADE MARK

In this case the first appeal was done under the Deputy Registrar of Trade Mark which raised many contentions that the Appellant's mark may seem deceptive to the customers of the respondent. This is because the word 'Nandini' with the image of a cow is used by the Respondent extensively, not only in the state of Karnataka but other parts of the country since 1985. It was also considered a clever move on the part of the Appellant who wanted to trade upon and benefit from the reputation and goodwill acquired by the Respondent for the last so many years and, therefore, the Appellant could not claim any proprietary rights in the impugned mark under Section 18(1) of The Trade Marks Act, 1999.

³ Hope Plantations Ltd. v. Taluk Land Board, Peermade and Anr, (1999) 5 SCC 590

In the counter-statement, Appellant took the defense that the mark which was 'Nandhini' with a particular design was honestly conceived and adopted for its 6 restaurants in Bangalore. He has also obtained the registration of copyright of 'Nandhini' under The Copyright Act, 1957. It further argued that as the artistic design was different so there was no question of deception in the minds of the customer. It was noted that the issue involved in these proceedings comes under sections 9(2)(a), 11(1)(b), & 18. It was further noted that under section 9, generic words cannot be registered as trademark unless they have acquired distinctiveness. Accordingly, the word 'NANDHINI' is not an invented word and therefore, there was no question of copying trademark of the respondent.

Coming to the other contention under section 11(2), the Registrar noted that that appellant and respondent's logo were totally different in nature as the Appellant's mark had a lamp on it and the respondent's mark had a cow on it. The Respondent was in the business of dairy products whereas, the Appellant was in the business of many things, even though both fall in the same Class, i.e., Class 29 and 30. Highlighting this factual difference of the nature of goods in which the Appellant and Respondent are trading, the Deputy Registrar was of the view that the respondent's objection under Section 11 was not tenable. And under Section 18, the Appellant was told to delete the goods "milk and milk product" from his TM-16 list as this would remove all the deceptive means in this case and most importantly, the opponent had not produced any evidence to show that use of trademark "Nandhini" by Applicant is causing confusion or deception. As the Applicant was a continuous user of the trademark "Nandhini", he was deemed to have become the proprietor of the same.

B. JUDGMENT OF IPAB

At this stage, the case did a roundabout as the IPAB didn't remain stable with their own decision. In the first decision IPAB referred to the case of *Vishnudas Kushandas v. The Vazir Sultan Tobacco Ltd*,⁴ where the court explicitly said that "if a trader or manufacturer actually trades in or manufactures only one or some of the articles coming under a broad classification and such trader or manufacturer has no bona fide intention to trade in or manufacture other goods or articles which also fall under the said broad classification, such trader or manufacturers are required to get registration of separate and distinct goods which may also be grouped under the broad classification." In short, the court said that if the person trades or manufactures one good under the broad classification, having no bona fide intention to trade in all other goods under that broad classification, he cannot be permitted to enjoy monopoly of certain goods which he didn't even produce or manufacture. Therefore, the IPAB came to the same conclusion as the Deputy Registrar of Trade Mark.

⁴ *Supra* Note 2

However, divergence arose when the IPAB accepted the Appeal of the Respondent. It was stated that 'Nandini' is a well-known brand in Karnataka and is also a household brand which has secured copyright registration as early in the year 1984 and 1985. It further stated that the Appellant is running a restaurant which would come under Class 42, with which the Board was not concerned. Therefore, it was irrelevant that the Respondent had not raised any objection for 18 years. Furthermore, the IPAB was of the opinion that the Respondent had produced enough evidence that it was a household brand in Karnataka by producing magazine interview of people who claimed that "Nandini" ghee played significant role in their life. Thus, IPAB concluded that the words are deceptive. The addition of the letter 'H' by the Respondent cannot make a difference. Whether it is 'Nandini' or 'Nandhini', it is pronounced identically. In Kannada, there is no difference in the spelling of the trademark of the Appellant and that of the Respondent. The addition of the word 'Deluxe' cannot improve the case of the Respondent since, as the words "Nandhini" and "Nandini" are identical and it will definitely create a confusion in the minds of the consumers. This was also seen in the case of *Cadila Healthcare Limited v. Cadila Pharmaceuticals Limited*,⁵ where the court said that phonetically similar words are very difficult to distinguish by the Indian public and this was also proved in the present case.. The court gave three contentions:

- 1) Mark "Nandini" as held by the Respondent has acquired a distinctive character and has become well known;
- 2) The use of another mark is different only in one alphabet but with no difference in spelling or pronunciation in the local language and would very likely to confuse the minds of public if allowed to be registered for the commodities falling in the same class;
- 3) Argument of the Appellant herein that, it has been running the business of restaurants since 1989 and the Respondent had started using mark 'Nandini' since the year 1985 only for milk and not for other products was rejected on the ground that there is no foundation in the facts of the aforesaid argument and no material was produced to substantiate the same.

So, IPAB rejected both its previous orders and Deputy Registrar of Trade Mark and took the side of Respondent (Nandini).

C. JUDGMENT OF HIGH COURT OF KARNATAKA

In this stage, no addition was done by the High Court, it just upheld the decision of the IPAB and dismissed the writ petition of the Appellant (Nandhini)

D. JUDGMENT OF SUPREME COURT

⁵ *Cadila Healthcare Limited v. Cadila Pharmaceuticals Limited*, (2001) 5 SCC 73

At first instance, it was submitted by the learned counsel Mr. Sushant Singh that the High Court and IPAB both have erroneously interpreted section 11 of the Act, to mean that once a trademark has acquired a distinctive character, then the registration of the trademark is barred and is likely to cause confusion if it is allowed to be registered in the commodities within the same class. As the counsel said that there is no proposition of law to support this interpretation of section 11 and substantial weightage was not given to the fact that goods and service of the Appellant were totally different from that of the Respondent and therefore there was no likelihood of confusion or deception among the public. He also referred to the case of *British Sugar Plc v. James Robertson & Sons Ltd*,⁶ where the court took the example of Kodak by stating that “Kodak” for socks or bicycles might well cause confusion, yet these goods are plainly dissimilar from films or cameras. The judge in this case was of the opinion that the question of similarity of goods is wholly independent of the particular mark the subject of registration or the defendant’s sign.

Another submission of Mr. Sushant Singh was the finding of the High Court that, the mark is prohibited from registration in respect of entire class or classes of goods which runs contrary to the principle of law laid down in *Vishnudas Trading Co. v. Vazir Sultan Tobacco Co. Ltd*,⁷. Wherein, the Court observed that the monopoly under Trademark only extends to the goods which are falling in a particular class and not the entire class of goods and the trademark. Identical or similar trademarks can be registered for the goods which are falling within the same class so that monopoly over the entire class of goods and services to the registered proprietor will not be given. Such a monopoly would lead to trafficking in the trade mark which is not the object and the purpose of The Trade Marks Act. Further, the fact that has to be examined was the nature of the mark “Nandhini” which is admittedly a common name, is also the name of a deity and has a level of distinctiveness and was an honest use of the mark since 1989. Respondent never filed any suit for an injunction against the Appellant and clearly acquiesced to the use of the Appellant. Therefore, Section 11(2) is not applicable. Advancing his argument, Mr. Singh also said that section 12, is an inbuilt scheme which allows the registrar to register the same or similar trademark in respect of same or similar goods. More so, when the name “Nandhini” is a common name of the deity and common name of Hindu girl, with which IPAB is in agreement. In this context, he also referred to the order passed by the Registrar wherein a concurrent use of both the Appellant and the Respondent was accepted and submitted that there was no reason to upset the said finding.

Mr. Singh further said that it is not that they are not negotiating, they are ready to give concession by not registration in milk and milk product as the Respondent was in the

⁶ *British Sugar Plc v. James Robertson & Sons Ltd*, [1996] RPC 281

⁷ *Supra* note 2

business of milk and milk product only with no intention to expand his business. Thus, it will be a biased option by not letting the Appellant to go further in its mark "Nandhini". The other thing which was questioned by Mr. Singh was on the functioning of IPAB, as it did not take into consideration its own decision dated April 20, 2010⁸, wherein it dismissed the appeal of the Respondent on the same issue. The appeal filed by the Respondent before the IPAB was even barred by the Principle of Issue Estoppel. As Issue Estoppel is a species of res judicata. It applies where an issue in a cause of action was decided in a previous action. So basically IPAB gave contrary view on same issue which they cannot do as they are barred by Issue Estoppel.

Now, the contention from the Respondent side by SS Naganand was that the IPAB had properly considered all contentions. He also said that there is no doubt that if goods under Class 29 and 30 bearing the Respondent's (herein petitioner's) trademark come out in the market, the average consumer would conclude that it belongs to the 'Karnataka Cooperative Milk Producers Federation'. The IPAB also held that, "*the work Nandhini itself has become associated with the Appellant's (present respondent's) products and therefore, though it might be a Hindu name or even a deity's name, it has come to be recognized as a distinctive mark of the Appellant by the Appellant's use of the same for nearly two decades. The conclusion of the Registrar that it is not likely to confuse, cannot be sustained.*" These findings were expressly affirmed by the High Court in the impugned judgment. The other contention was that respondent's trademark "Nandhini" is a household name in entire South India, and more so in Karnataka. "Nandhini" is to Karnataka what "Amul" is to Gujarat. Therefore, there can be no doubt as to "Nandhini" being a well known mark. It is important to note that the Appellant is running restaurants only in the city of Bangalore in Karnataka and one town in Tamil Nadu. Outside the city of Bangalore, the people are not aware of the respondent's restaurant and "Nandhini" all over Karnataka is related exclusively to the Respondent organization. The contention of the Appellant that Nandini is a god's name and it cannot be trademarked is counterproductive and against the Appellant's own interest. The argument will not render futile as the very registration the Appellant has applied for and it is not that merely because the word "Nandhini" denotes a Hindu goddess' name, it does not mean that it cannot be registered as the only provision contained in the Act on the subject matter of registration of trademarks that affect religious sentiments is contained in Section 9(2)(b) which states - "Any mark shall not be registered as a trademark if: it contains or comprises of any matter likely to hurt the religious susceptibilities of any class or section of the citizens of India". In this case the name "Nandini" signifies a symbol of purity and a source of wholesome milk which is the reason for the adoption of the word. In view of the same, the registration of the trademarks of the Respondent in the present case, does not fall within the ambit of the provisions of Section 9(2)(b) of the Act. There is no prohibition in law to include the name of any God as a part of a trademark. It is settled law that if a mark has obtained a

⁸ M/s. Karnataka Cooperative Milk Producers Federation Ltd. Rep. by its Managing Director v. M/s. Nandhini Deluxe, OA/4/2008/TM/CH

secondary distinctiveness in the minds of the consumer, then the same should be registered and protected. Also, he took the help of the case *Nestle India Limited v. Mood Hospitality Pvt. Ltd.*⁹ where the single judge bench didn't allow, Nestle to use word "Yo" as it was the trademark of the respondent. And if we talk about section 12, which provides for registration in the case of honest and concurrent user does not arise as the very basis for the application of this section is the "honesty of the concurrent use", which the Appellant was well aware that the widespread use of the mark Nandhini by the Respondent who has admitted purchasing Nandhini milk for their restaurant. Therefore, the Appellant cannot claim to be an honest or concurrent user, as such claims would be contrary to the evidence placed on record and their own admissions.

The court in its final order said that, the burden of proving that the trademark which a person seeks to register is not likely to deceive or to cause confusion, is upon the applicant. It is for him to satisfy the registrar that his trademark does not fall within the prohibition of Section 8 and therefore it should be registered. Moreover, in deciding whether a particular trademark is likely to deceive or cause confusion, that duty is not discharged by arriving at the result or by merely comparing it with the trademark which is already registered and whose proprietor is offering opposition to the registration of the mark. The real question to decide in such cases is to see as to how a purchaser, who must be looked upon as an average man of ordinary intelligence who would react to a particular trademark, what association would he form by looking at the trademark, and in what respect would he connect the trademark with the goods which he would be purchasing.

Applying the aforesaid principles to the instant case, when we find that not only the visual appearances of the two marks are different but they also relate to different products. Further, the manner in which they are traded by the Appellant and Respondent respectively as highlighted above, it is difficult to imagine that an average man of ordinary intelligence would associate the goods of the Appellant as that of the respondent.

Also, another thing that the High Court and the IPAB missed is that the Appellant is operating a restaurant under the trademark 'Nandhini' and it had applied for the trademark in respect of goods like coffee, tea, bill books, visiting cards which are used in the products/services of restaurant business. The aforesaid items do not belong to Class 29 or 30. Likewise, stationery items used by the Appellant in the aid of its restaurant services are relatable to Class 16. In these circumstances, there was hardly any question of confusion or deception.

The Supreme Court took the help of the case *Vishnudas Kushandas v. The Vazir Sultan Tobacco Ltd*¹⁰ for defending the contention of high court where it has said goods belonging to the Appellant and the Respondent (though the nature of goods is different) belong to the same class and therefore, it would be impermissible for the Appellant to

⁹ *Nestle India Limited v. Mood Hospitality Pvt. Ltd*, ILR 2010) 3 (Del.) 560

¹⁰ *Supra* note 2

¹⁰ *Supra* note 15

have the registration of the concerned trademark in its favour, thus it would be meaningless. That apart, there is no such principle of law but in the aforementioned case the name 'Charminar' was in question as the Respondent was in the business of tobacco and the Appellant made an application for registration of quiwam and zarda under the same brand name 'Charminar', but by applying the section 12¹¹ of The Trade Marks Act, 1999 he was allowed to register. The court also observed that use of 'Nandhini' by Appellant in respect of its different goods would not be detrimental to the purported distinctive character or repute of the trademark of the respondent. It is to be kept in mind that the Appellant had adopted the trademark in respect of items sold in its restaurants way back in the year 1989 which was soon after the Respondent had started using the trademark 'Nandini'. There is no document or material produced by the Respondent to show that by the year 1989 the Respondent had acquired distinctiveness in respect of this trademark, i.e., within four years of the adoption thereof. It, therefore, appears to be a case of concurrent user of trademark by the Appellant. The court also questioned the IPAB for not standing with its previous decision and considered this against estoppel. As the result, the order of the IPAB and the High court was set aside, and the Appellant was allowed to take the name "Nandhini" with the modification that milk and milk product will be removed from TM-16.

III. CONCLUSION

This case can be considered as a landmark case in the field of trademark as it cleared the way for free trade and in some way broke the rule of monopoly of the businesses who were not in the mood of expanding but wanted the trademark in the whole class and this will be against business ethics and these type of practices are totally prohibited by sec 4 of The Competition Act, 2002 which clearly prohibit use of dominant power . This case also highlighted the fact that Indian courts are not prudent enough when the case comes in the field of trademark as it can be easily seen that IPAB and the High Court made many blunders in their decision and many paramount pieces of facts were unseen, which was eventually examined by the Supreme Court. It also highlights that many sections of The Trade Marks Act are yet to be specified correctly as it has dual implication, as it happened in this case in the name of section 11 and section 12 which played a significant role in deciding the case. Another thing which will be questioned is the reason why IPAB was wrong as it was acting against the law of estoppel - first it observed that trademark of "Nandhini" was within the ambit of law but later accepted the appeal against the same decision which was given by the IPAB itself and then it changes its order also in which it said that, "Nandhini" cannot be registered as it is against the existing trademark law this was even criticised by the Supreme Court in its final decision and stated that IPAB was not just against law by not respecting estoppel but was also against the judicial system due to its decision which moved the case from court to court . This was the prime reason why the decision of the case got delayed.

The Supreme Court also opined that the case could have solved by considering just one past decision which was of *Vishnudas Kushandas v. The Vazir Sultan Tobacco Ltd*, where the court bluntly said that, if a trader or manufacturer actually trades in or manufactures only one or some of the articles coming under a broad classification, such trader or manufacturer having no bona fide intention to trade in or manufacture other goods or articles which also fall under the said broad classification, would get registration of separate and distinct goods which may also be grouped under the broad classification. By applying this rule the present case could have been solved without any problem.

A commendable job was done by the Deputy Registrar of Trade Mark, as it was in the right track from the inception. It stated that the mark of both, the Appellant and the Respondent were totally different and thus, the question of deception was removed from here under section 11(2) of the Trademark Act. Further, both businesses are also different and in order to remove breach of trademark, it would be enough to exclude 'milk and milk product' from TM-16 list of the Appellant. This mediation technique was also adopted by the Supreme Court . Hence, this shows that all steps taken by the Deputy Registrar of Trade Mark were up to the mark that's why the Supreme Court's decision was the replica of this decision.

One important aspect of the case is that it was moved back and forth within multiple courts, so every contention, fact, acquisition which was raised was checked multiple times which makes the surviving contention very precious and useful which would be used by court and counsel in future also in this type of cases. Hence, it can be said that this case was path-breaking in the history of trademark in India as it solved all the contentions which were raised and which were considered ambiguous but at last all this was solved by the Supreme Court with proper reasoning which will be very useful when any other case related to trademark comes across to the same courts.