



LL.B. IV TERM

LB-4036- Intellectual Property Rights Law- I

Cases Selected and Edited by

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Paper : Intellectual Property Law-I

- 1. Introduction to Intellectual Property and its Abuse**
 1. General Principles of Intellectual Property Rights
 - Nature and Concept of IPR, WTO/TRIPs
 - Brief evolution of IPR and its importance in present context
 - Types of Intellectual Property
 - Enforcement of Intellectual Property Rights (Art. 9-39 TRIPs), by various national laws
 2. Abuse of Intellectual Property—Concept

 3. Brief on International legal instruments relating to IPR
 - Paris Convention, 1883 and TRIPs
 - Reciprocity and Priority
 - Concept of Minimum Standards
 - Concept of National Treatment
 - Concept of Most Favoured Nation (MFN)
- Madrid Agreement, Madrid Protocol, 1989 amended on Oct 3, 2006 and Nov 12, 2007, The Trade Marks (Amendment) Bill, 2009

2. Trade Marks Law

[Legislation :Trade Marks Act, 1999, in force from 15th Sep 2003]

Note: Students should note that some cases are decided under the previous Act of 1958 (the meanings assigned to words and expressions under the old Act are to be understood and may be applied to the provisions of new Act of 1999 also). However, students are not required to study the 1958 Act, as such.

1. Introduction

- 1.1 Definitions/Meaning of: ‘Mark’ S.2(1)(m); ‘Trade mark’ S.2(1)(zb); ‘Service’ S.2(1)(z); ‘Goods’ S.2(1)(j); ‘Package’ S.2(1)(q); ‘Well known trade mark’ S.2(1)(zg), Need for Protection of Trademarks, Registered and Unregistered Trade Marks
- 1.2 Use of trade mark on goods/services– S.2(2)(b) & (c), 29(6)
 - 1.2.1 Use in Advertisements –declared as use and ground for protection even without goods/services

N. R. Dongre v. Whirlpool Corporation, (1996) 5 SCC 714

- 1.2.2 Protecting Domain Names as Trade Marks

Satyam Infoway Ltd v. Sifynet Solutions Pvt. Ltd, AIR 2004 SC 3540

- 1. Trade Mark for Services

*Balakrishna Hatcheries v. Nandos International Ltd,
2007(35) PTC 295(Bom)*

*Health and Glow Retailing Pvt. Ltd v. Dhiren Krishna Paul, Trading as
Health and Glow Clinic,2007(35) PTC 471(Mad)*

2.

2. Registration of trade mark for goods/services

Procedure (S.18 -23), Grounds of Refusal (S.9 & 11), Prior/Vested Rights, Rectification of register (S.57)

2.1 **Absolute Grounds for Refusal of Registration:** S.9(1) Distinctive character in 9(1)(a) , 8 types of Descriptive, laudatory marks or indications or words in S.9(1)(b), customary or bonafide practices of trade in clause 9(1)(c), Proviso to S.9(1) - Acquired Distinctive character and well known marks

1. *M/s Hindustan Development Corporation Ltd v. The Deputy Registrar of Trade Marks*, AIR 1955 Cal 319 1
2. *The Imperial Tobacco Co. of India v. The Registrar of Trade Marks*, AIR 1977 Cal 413 8
3. *Geep FlashLight Industries v. Registrar of Trade Marks*, AIR 1972 Del 179 18

2.2. **S.9(2): Nature of mark as to deceive the public or cause confusion**

Wide power – no mention of marks or goods

Note, that under 1958 Act it was covered under the expression Deceptive Similarity

4. *Sunder Parmanand Lalwani v. Caltex (India) Ltd*, AIR 1969 Bom 24 22
5. *Sony Kabushuki Kaisha v. Samrao Masker*, AIR 1985 Bom 327

3. **Relative Grounds for Refusal u/s11**

3.1 **Later trade mark similar with Earlier Trade Marks –S.11(1)**

Identity or similarity of Marks resulting -- in likelihood of confusion or Association with earlier Mark (Dilution) and Identity or similarity of goods/services-Overlap with s 9(2)

Determination of Similarity of goods/services (See *Jelineks Appln*, (1946) 63 RPC and *Panda Case*)

6. *K. R. Krishna Chettiar v. Sri Ambal & Co*, AIR 1970 SC 146 40

3.2 **Earlier Trade mark – if a Well Known Trade Marks: S.11(2)**

Prohibition of registration even for different goods/ services	
Factors for determination - 11(6) to 11(9)	
Effect of Trade marks registered or used in good faith – S.11(11),	
Effect of Acquiescence	
7. <i>Carrefour v. V. Subburaman</i> , 2007(35) PTC 225 (Mad.)	44
(Also on passing off –)	
3.3 Refusal of registration on grounds of passing off or under law of copyright u/s 11(3)	
3.4 Prior/ Vested Rights	
Honest and Concurrent user – S.12, Prior user of mark and vested rights– S. 34, Name, Place of Business, Address or Description of Character or Quality of Goods or Services– S.35, Acquiescence – S. 33	
4. Passing off, Infringement and Exceptions to Infringement Action	
4.1 Enlargement of Infringement protection – S. 29	
4.2 For same, similar or different goods/services	
4.3 Difference between passing off and infringement	
Passing off- for similar goods/different goods/transborder reputation	
8. <i>Parley Products v. JP & Co</i> , (1972) 1 SCC 618	58
9. <i>Cadila Health Care Ltd v. Cadila Pharmaceuticals Ltd</i> , (2001) 5 SCC 73 : 2001 PTC 300 (SC)	62
10. <i>Carrefour v. V. Subburaman</i> , 2007(35) PTC 225	
11. <i>Bata India Ltd. v. Pyare Lal & Co.</i> , AIR 1985 All 242	
12. <i>Milmet Oftho Industries v. Allergen Inc.</i> , (2004) 12 SCC 624	76
13. <i>Balakrishna Hatcheries v. Nandos International Ltd</i> , 2007(35) PTC 295(Bom)	79

14. *Health and Glow Retailing Pvt. Ltd v. Dhiren Krishna Paul, Trading as Health and Glow Clinic*, 2007(35) PTC 471(Mad)
15. *Kapil Wadhwa v. Samsung Electronics Co. Ltd.*, 194(2012)DLT23; MIPR2012(3)191

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4.4 Exceptions –S.30

16. *Hawkins Cookers Limited v Murugan Enterprises*, 2012(50)PTC389(Del) 119

5. **Trade Mark Dilution and Contemporary Areas** (S.11(1), S.29(4), S.29(8))

17. *ITC Limited v Philip Morris Products S.A.*, 2010(42) PTC 572 (Del) 123

Protection of Trade Dress & colour combinations; Tarnishment of Trade marks/Comparative Advertising/Disparagement See Also S 29(8)

18. *N Ranga Rao v. Anil Garg*, 2006 (32) PTC 15 (Del) 141
19. *Pepsi Co Inc v. Hindustan Coca Cola Ltd.*, 2003 (27) PTC 305 (Del) (DB) 162
20. *Dabur India Ltd. v. Colgate Palmolive* 2004 (29) PTC 401 (Del) 172

6. **Exhaustion of IPR:** Art. 6 TRIPs, S.29(6) Trade Marks Act, 1999

7. **Licencing of Trade Marks** – Ss.48 - 53
 Permission of Central Government not required in 1999 Act
 Necessity of Actual Quality Control

Paradox of Quality Control
Supremacy of Licencing Agreement

21. *Pioneer HiBred v. Pioneer Seeds*, 1990 IPLR 17
22. *Baker Huges Ltd v. Hiroo Khushalini*,
1998 PTC 580; 2004 PTC 153 (SC)
23. *MTV Holdings v. Mistrale Publishing Pvt. Ltd.*,
2005 (30) PTC 489 (Del)
24. *Gujarat Bottling v. Coca Cola*, AIR 1995 SC 2372

3. Geographical Indications

[Legislation: The Geographical Indications of Goods (Registration and Protection) Act, 1999, in force from 15th Sep 2003]

Guidelines for permitting the use of Geographical Indication (GI) Logo and Tagline, issued by the Ministry of Commerce & Industry, Department for Promotion of Industry, GOI on 24 th June, 2019 [SUPPLIED]

1. Definitions- ‘Geographical Indication’(S.2(e)), ‘Indication’(s.2(g)), ‘Goods’ (S.2(f)), ‘Producer’(S.2(k)), Certification Trade Mark, Collective Marks
2. Concept of Indication of source, Geographical Indication and appellations of origin, Community Right
3. Kinds of Geographical Indications and Registration
Procedure for Registration(Ss. 3-8, Ss. 11-17)
Grounds for Refusal of Registration of GI’s (S.9)
Registration of homonymous Geographical Indications (S.10)
Duration of protection and renewal(Ss18-19)
4. Infringement, penalties and remedies(Ss. 20-23, Chapter Ss. 37-54, Ss. 66-67, Rules for allowing use of registered GI by authorised users)
5. Conflict of GI’s with Trade marks (Ss. 25-26)

4. Industrial Designs Law

[Legislation: The Designs Act, 2000]

- 4.1 Need for protection of industrial designs
- 4.2 Subject matter of Protection - Design, S.2(d), Original, S.2(g), new or original, appeal to eye, copyright S.2(c)
- 4.3 Copyright in Design (duration)– S.11
- 4.4 Registration of design for articles – Ss.3-9 (No provision for opposition)
- 5.5 Cancellation of Design- S.19
- 1.6 Piracy or Infringement of copyright in Designs – S.22
- 1.7 Overlap of Design, Copyright and Trade Marks
 - 25. *Bharat Glass Tube Limited v. Gopal Glass Works Limited*, 2008 (37) PTC 1 (SC) 183
 - 26. *Reckitt Benckiser(India) Ltd v. Wyeth Limited*, 2010 (44) PTC 589 (Del (DB)) 200
 - 27. *Samsonite Corporation v. Vijay Sales*, 1998 (18) PTC 372 (Del)
 - 28. *Crocs Inc. USA v. Bata India Ltd*, CS (COMM) No. 772/2016 and connected cases 2018 Del HC.

Books Recommended

- Ashwani Kr. Bansal, *Law of Trade Marks in India* (2009)
- Ashwani Kr Bansal, *Law of Designs, GIs*, (2011)
- P. Narayanan, *Law of Trade Marks and Passing off* (6th ed., 2004)
- Kailasam, *Law of Trade Marks and Geographical Indications* (2nd ed. 2009)
- V.K. Ahuja, *Law Relating to Intellectual Property Rights* (2009)
- P. Narayanan, *Copyright and Industrial Designs* (2007)
- Latha R Nair & Rajendra Kumar, *Geographical Indication- A search for Identity* (2005)
- WIPO Background Reading Material on Intellectual Property

Rubric for Theory Exam Papers:

'All the theory papers, except for CLE subjects*, for LL.B. semester exams carry 100 marks each, for which the University of Delhi conducts an end semester descriptive exam of 3 hours duration. A typical theory question paper contains 8 questions printed both in English and Hindi languages. The student is required to answer 5 out of 8 questions. Each question carries equal marks, that is 20 marks each. Hence the maximum marks for each paper is 100. A student has to secure a minimum of 45 marks out of 100 to pass a paper.

Answers may be written either in English or in Hindi but the same medium should be used throughout the paper.'

TRADE MARKS

*M/s. Hindusthan Development Corporation Ltd. v.
The Deputy Registrar of Trade Marks
(1954-5) 59 C.W.N. 320 : AIR 1955 Cal. 519*

DAS, J. – This appeal came up for hearing before my Lords the Chief Justice and Mr. Justice S.R. Das Gupta. The learned Judges differed on certain points. In accordance with clause 36 of the Letters Patent, the learned Judges stated the points on which they have differed. The points are the following:

(1) Whether the word “Rasoi,” if and when used as a trade mark for the hydrogenated groundnut oil manufactured by the appellant company, has a direct reference to the character or quality of the goods within the meaning of section 6(1)(d) of the Trade Marks Act, 1940, and is, as such, outside the ambit of that clause?

(2) If the answer to the first question be in the negative, that is to say, if the true view be that the word “Rasoi”, when used as a trade mark for the appellant’s oil, cannot be said to have such direct reference, must the mark be still proved to be distinctive in order to be eligible for registration, or should it be taken to be regarded as *prima facie* distinctive by the Act itself?

(3) Whether, even if the word “Rasoi,” when used as a trade mark for the appellant’s oil, can be said to have no direct reference to the character or the quality of the goods and even if its distinctiveness were to be taken as established, must the word be held to be still ineligible for registration, in view of the fact that it is a common word of the language of which no monopoly should be granted to any particular trader?

In order to answer the questions it is necessary to refer to the definition of the word “Mark” and “Trade Mark.” The word “Mark” is defined in section 2(1)(f) as including among other things a “word”. The word “Trade Mark” is defined in section 2(1)(e). Compendiously stated it is a “mark” used or proposed to be used in relation to goods for the purpose of indicating or so as to indicate a connection in the course of trade between the goods and some person having the right to use the “mark.”

Section 6(1) of the Act provides that a trade mark shall not be registered unless it contains or consists of at least one of the several particulars specified in clauses (a) to (e) of the sub-section. The sub-section is couched in the negative form. Its effect is that in order to be eligible for registration a mark must contain at least one of the particulars so specified. In other words, the absence of any one of the particulars will disqualify the mark for registration though the presence of any one of them will not, *ipso facto*, make the mark eligible for registration. Sections 8, 9, 10 and 14(1) lay down certain other matters which may be taken into consideration in directing registration of a trade mark.

The first question which I have already quoted depends on the true view of section 6(1)(d) of the Act which provides that a trade mark shall not be registered unless it contains or consists of one or more words having no direct reference to the character or quality of the goods. I shall first construe the clause and then discuss the cases which had been cited before me. The mark in respect of which registration has been applied for is the word “Rasoi.” Section 6(1)(d) will

apply if the word “Rasoi” has no direct reference to the character or quality of the goods in question which are hydrogenated groundnut oil. The word “Rasoi” has a variety of meanings. The Deputy Registrar of Trade Marks has collected from different dictionaries the various meanings of the word “Rasoi.” They are cook-room, kitchen, cooking, cookery, cooked-food. In considering whether a mark has reference to the character or quality of the goods, the mark must be looked at, not in its grammatical significance, but as it would represent itself to the public at large. As the learned Chief Justice points out such a question is a practical question to be decided by the common understanding of the term among those, who used it or have occasion to use it in the course of their daily lives and not by what may be recondite meaning to be found in dictionaries. Hence for our present purpose the word “Rasoi” may be taken to mean “cooking.” The requirement of section 6(1)(d) of the Act is that the word “Rasoi” should have no direct reference to the character or quality of the goods. The word “character” has been defined in Murray’s *New English Dictionary*, Vol. II, Part I, to mean a feature, trait, characteristic and the word “characteristic” has been defined to mean a distinctive mark, trait or feature, a distinguishing or essential peculiarity or quality. It is admitted that the normal use of hydrogenated groundnut oil is for cooking purposes. The use of the commodity as intended or adapted undoubtedly forms part of its character. The people in the trade and to the consumers, the word “Rasoi” would thus imply a direct reference to the character of the goods. Mr. Das, learned Counsel for the appellants, contended that the word “character” or “quality” merely denotes something material to the composition of the goods. Reference was made to certain observations of Vaughan-Williams, L.J., in *the matter of Burroughs Welcome & Co’s Trade Marks* [(1904) 21 R.P.C. 217] known as the “*Tabloid* case.” The observations relied on are as follows:

Now I have to ask myself what was the character of this Trade Mark of 1884? What did the word ‘Tabloid’ convey at the moment it was registered.... As the word was understood at that time it really conveyed to the hearers no peculiar quality of the goods which were offered to the public. I think that the word ‘Tabloid’ may properly be described at that time as being a fancy word.... When one is dealing with the question whether a word is descriptive, I think one must always bear in mind that for a word to be really descriptive, it must describe something which is material to the composition of the article to which the trade mark is intended to apply.

The observations must be read as a whole. The observations are not intended to imply that the composition of the article is the only material element to be considered in finding out the meaning of the word character or quality of the goods.

The observations had reference to the question whether the word “Tabloid” was descriptive or distinctive. This will appear from the observations of the Lord Justice at page 227:

I want to say with reference to them, that according to my view, the word “Tabloid” was, in substance, an unknown word at the moment when Messrs. Burroughs Welcome & Co. adopted it.

The construction suggested by Mr. Das would unduly limit the meaning of the word “character” or “quality.” Various words can be imagined as trade mark which have no direct reference to the character or quality of the goods but which at the same time have no connection

with the composition of the articles. In my opinion, the word “character” or “quality” of the goods means their nature or peculiarity or quality and not merely their composition.

Section 6(1)(d) requires that the reference to the character or quality of the goods must be direct. In order to understand the contention of the word “direct,” reference was made to the previous changes in the Statute law so far as this requirement is concerned. It may be conceded that it is not only legitimate but highly convenient to refer both to the former Act and to the ascertained evils to which the former Act had given rise and to the later Act, which provided the remedy. The corresponding provision in English Act of 1938 is contained in section 9, clause (d) which merely reproduced section 9(4) of the Trade Marks Act, 1905. In the Trade Marks Act of 1888 which preceded the Act of 1905, the corresponding provision was contained in section 6(4)(e) which reads as follows:

A word or words having no reference to the character or quality of the goods, and not being a geographical name....

It thus appears that the word “direct” was introduced by the Act of 1905. The reason for this addition was to give effect to the view taken by the House of Lords in the case of *Eastman Photographic Materials Co.’s Application* [(1898) A.C. 571], known as the “*Solio* case” that simply because the word “*Solio*” suggested the sun, it could not be said that the word “*solio*” had some reference to the character of the photographic paper known as “*solio*.” It is true that the introduction of the word “direct” shows that the mere fact that the word “mark” has some reference to the goods does not render it incapable of registration. The reference must be a direct one. A mere suggestive reference is not sufficient. In the present case the mark “*Rasoi*,” as I have already stated, directly refers to the character of the goods which are used ordinarily for cooking purposes.

In the “*Motorine*” case [In the *matter of Compagnic Industrielle Des Petroles’s Application* (1937) 2 Ch.485] the facts were as follows: In 1901, a company had registered “*Motorine*” as their trade Mark for lubricating oils and sold large quantities of lubricating oils under that name. In 1907 another Company which had also dealt largely in petrol spirit under the name “*Motorine*” applied for registration of “*Motorine*” as their trade mark. This application was opposed by the former Company. The Registrar refused to register “*Motorine*.” The applicant Company appealed against the said order and also moved for expunging the trade mark “*Motorine*” from the Register. Warrington, J. dismissed the application on the ground that the word “*Motorine*” had no direct reference to the quality or character of the goods and was therefore eligible for registration under section 9(4) of the Trade Marks Act, 1905. It was observed that though the word “*Motorine*” suggests that in some way they are oils which are to be used in connection with a motor, but beyond that it has no reference either to the character or quality and such reference as the use of the two syllables of the word “motor” in the word “*Motorine*” as to the character or quality, seems not to be that direct reference which the Act contemplates. The decision does proceed on the footing that though the word “*Motorine*” may suggest motors, it did not suggest lubricating oil which was not exclusively used on motors but was used for various other purposes as well. The “*Radiation*” case [In the *matter of Trade Mark “Radiation”*, 47 R.P.C. 37] was a decision of the Controller-General. The word “*Radiation*” was used in respect of gas stoves. The word “*Radiation*” was not descriptive of gas stoves and as such was capable of becoming distinctive by long user. In *Kerly on Trade Marks*,

7th Ed., p.184, the “**Radiation**” case is said to be a border line case and not one which is likely to be repeated. In the “**Sheen**” case [In the *matter of an Application by J. & P. Coats Ltd.*, 53 R.P.C. 355] the word “Sheen” was proposed for registration as a mark in respect of machine twist or mercerised sewing thread. The Registrar refused registration. On appeal the decision was affirmed by Luxmore, J. the judgment of Luxmore, J. was affirmed by the Court of Appeal. On a further appeal by the Registrar, Lord Wright observed that the word “Sheen” had become distinctive of the applicant’s goods, that the word “Sheen” is not a laudatory word like ‘perfection,’ ‘best,’ ‘artistic’ and that in the sewing cotton trade the attribute of glossiness which the word “Sheen” was intended to convey was referred to as lustre and the word “Sheen” was not used with reference to the glossiness of the thread. In the “**Livron**” case [In the *matter of registered trade mark “Liveron” (Boots Pure Drug Co.)*, 54 R.P.C. 161], the Registrar expunged registration of the mark “Livron” and his decision was affirmed on appeal. On appeal Crossman, J., thus observed at page 180: “In my judgment “Livron” is a word whose only signification is geographical, and hence does not contain the essential particulars in section 9(4).” The cases cited by Mr. Das do not support the view that the word “Rasoi” cannot be held to have direct reference to the character and quality of the goods.

Mr. Chaudhury, learned Counsel on behalf of the respondents, referred to certain cases in respect of his submission that very little reference to the character of the goods has been considered sufficient to exclude the applicability of the corresponding section 9(1)(d) of the Indian Act of 1938 or section 9(4) of the English Act of 1905. Reference was made to the cases of In *Re Joseph Crossfield & Sons Ltd.*; In *Re California Fig Syrup & Co.*; In *Re H.N. Brock & Co.* [(1910) 1 Ch. 130]. The case of In *Re Joseph Crossfield & Sons Limited* known as “**Perfection**” case related to an application to register the word “Perfection” as a trade mark in Class 47 for common soap. This was disallowed by the Registrar and the Registrar’s decision was affirmed by Swinfen Eady, J. On appeal the judgment was affirmed. Farwell, L.J. observed that “Perfection” was not registrable as adapted to distinguish Crossfield soap and that no amount of user could possibly withdraw the word “Perfection” from its primary and proper meaning in the soap trade and make it mean Crossfield’s and that the word being a mere laudatory word, it was idle to call it a trade mark. In the *California Fig Syrup Company* case, the learned Judge was of opinion that the evidence given of user was not sufficient to give the trader the exclusive right to “California.” In *H.N. Brock & Co.’s* case registration was claimed in respect of “Orlwoola.” It was held that “Orlwoola” that is, “all wool” cannot be regarded as distinctive. The words are purely descriptive of their nature. In the case of In *Re Leopold Cassella & Co.* [(1910) 2 Ch. 240] known as the “**Diamine**” case registration was applied for in respect of the word “Diamine” on the ground that the applicants have been using the word as a trade mark for their dyes for about 20 years. The application was rejected on the ground that the word “Diamine” was a known chemical term which indicated that the word contained two amine groups. It was held that this fact was sufficient to indicate that registration was applied in respect of goods which contained two amine groups and that the word was descriptive of the character and quality of the goods. In the case of *Keystone Knitting Mills Ltd.’s Application* [45 R.P.C. 421], known as the “**Charm**” case, the word “Charm” was held to have direct reference to the character and quality of the goods when used in respect of ladies’ stockings. The case of In *Re., R.J. Lea Ltd.’s Application* [(1913) 1 Ch. 446] related to registration of the word “Boardmans” in respect of manufactured tobacco. The word

“Boardman’s” was surname of an individual. The application was rejected by Joyce, J. on the ground that a mere surname of an individual was not adapted to distinguish the goods of the applicant within the meaning of section 9(5). In appeal the decision of Joyce, J., was affirmed. Reliance was also placed by Mr. Chaudhury on the decision of In *Re. Application by the National Machinery Co.* [58 R.P.C. 128] known as the “Dex” case. The application was for registration of the word “Dex” as a trade mark for bolts and screws including deckbolts. The application was refused by the Assistant Controller on the ground that the word “Dex” was orally indistinguishable from “decks” and that the “decks” was a perfectly well-known English word in common use and was likely to deceive or cause confusion. It was also pointed out that the word “decks” had direct reference to the character and quality of certain bolts under the terms of paragraph (d) of section 9(1). The decision of the Assistant Controller was affirmed on appeal by the High Court and by the Court of Appeal principally on the ground that the discretion of the Assistant Controller was exercised properly. Mr. Chaudhury also referred me to the decision In *Re La Marquise Footwear’s Application* [(1946) 2 All E.R. 497]. The application was for registration of “Oomphies” as footwear for ladies which was allowed by Evershed, J., and the ground suggested was that the word “Oomph” was an American slang for sex appeal and that it had no direct reference to the character and quality of the goods. It was observed that “in approaching a problem of this kind, one has to bear in mind that the Court must consider, as the legislature considered whether the use of the particular marks in reference to particular goods would embarrass or harass other traders, and it seems to me that where you take an ordinary word in common use, properly applicable in its ordinary meaning to the class of goods to which it is sought to be applied by the applicant, the Court will not give to the applicant in effect a monopoly of that epithet. Where, however, you take a word which is exceedingly uncommon by comparison, different considerations apply, and, if you say that it has a direct reference, you are going to assume that this word has a much more precise significance and a much greater circulation than, I think on the evidence, it has.”

Reference to cases is not of much help in finding out whether or not a particular word has direct reference to the character and quality of goods unless the decision lays down a principle of construction. The cases merely indicate the length to which the Courts have gone in construing the expression “direct reference to the character and quality of the goods.”

My conclusion therefore is that the word “Rasoi” has direct reference to the character and quality of the goods and is not eligible for registration. The answer to question No. 1 is therefore in the affirmative.

I shall now take up the second question. The second question involves an enquiry as to whether the requirement of distinctiveness attaches to each one of the clauses in section 6(1)(e) provides that a trade mark shall not be registered unless it contains or consists of “any other distinctive mark, provided that a name, signature, or any word, other than such as fall within the description in the above clauses, shall not be registrable except upon evidence of its distinctiveness.” Sections 6(1)(a)(b)(c)(d)(e) of the Trade Marks Act correspond to paragraphs 1, 2, 3, 4 and 5 of section 9 of the English Act. In the case of In the *Matter of an Application by Fanfold Ltd.* [45 R.P.C. 325], the question arose whether a mark, in order to be registered under any of the paragraphs of section 9 of the Trade Marks Act (which corresponds to section

6 of the Indian Act) must be distinctive. The question was answered in the affirmative. At page 331, Lord Hansworth, M.R., observed as follows:

Therefore, the plea that is raised by Mr. Shelley that to ask for distinctiveness in paragraph (1) is to ask for something more than the statute requires, because it enables you to use your name in a special or particular manner, is answered by the difficulties which would arise if a plain name was accepted with the slightest possible addition of some particular or special feature to mark it. In my judgment Mr. Justice Tomlin came to a right conclusion upon the meaning of the section 9. I think it does require that there should be distinctiveness. Paragraph (5) says: 'Any other distinctive mark.' The use of the word 'other' seems to be of importance. The paragraph goes on 'but a name, signature or word or words, other than such as fall within the descriptions in the above paragraphs (1), (2), (3) and (4) shall not be registrable under the provisions of this paragraph except upon the evidence of its distinctiveness.' Finally, after the proviso, which does not apply, the words to be found 'for the purpose of this section' not any particular paragraph or part of a section – 'distinctive' shall mean adapted to distinguish the goods of the proprietor of the trade mark from those of other persons.

The Master of the Roll went on to add: "The result of that is this, that in order to be registrable under paragraph (1) you must, first of all, have a name which is represented in a special or particular manner; but (it may be either superadded or interpreting what is meant by 'special or particular manner') there must be a distinction, and that distinction is required so that there may be an indication that the goods on which the mark is put are the goods of the proprietor, and the distinction must be one which is adapted to distinguish those goods of the proprietor for the purpose of enabling the definition of a trade mark to be fulfilled, a definition to which I have already referred."

The above observations clearly support the view that distinctiveness must be proved to exist in respect of the clauses (a) to (e) of section 6(1). It does not appear as S.R. Das Gupta, J., thought, that Lawrence, L.J., pointed out that the above question which was answered in the affirmative by Lord Hanworth, did not arise in that case. Reference to the judgment of Lawrence, L.J. at page 333 would indicate that he merely reserved his opinion on this question. The same view as to the effect of section 9(5) corresponding to section 6(1)(e) was taken In *the matter of Boots Pure Drug Co. Ltd., Trade Mark "Livron"* [54 R.P.C. 161, 179]. In Kerly on *Trade Marks* at page 105, it is stated that "Although the paragraphs of section 9(1) are to be considered as independent in each case the mark proposed to be registered must not only fall within the terms of at least one paragraph, but must also be distinctive." It was laid down that "no trade mark can be validly registered unless it contains at least one of the particulars enumerated in section 6(1) of the Indian Trade Marks Act, 1940, and that to comply with the sub-section the particulars relied on must also be distinctive." My conclusion therefore is that even if the word "Rasoi" cannot be said to have such direct reference to the character and quality of the goods within section 6(1)(d) of the Act, the mark "Rasoi" must still be proved to be distinctive in order to be eligible for registration.

Question No. 3 raises the question whether the word "Rasoi" even if it be held to have a direct reference to the character and quality of the goods and to be distinctive the word "Rasoi" nevertheless be ineligible for registration in view of the fact that it is a common word of the

language of which no monopoly should be granted to a particular trader. It is undoubtedly true that the common words of a language are public property and that no one should be allowed to appropriate one of such words to his exclusive use and thereby deprive other persons of the legitimate right to use the said word. This was observed by Fry, L.J., in the case of *In Re Dunn* [(1889) 6 R.P.C. 379 C.A.] and by Cozens-Hardy, M.R. in the same case and by Evershed, J., in *La Marquies Footwear's Application* [(1946) 2 All E.R. 497]. The above observations are however to be read as not imposing an absolute bar to the registration of a common word as a trade mark. The principles laid down in the above cases would ordinarily disentitle the applicant to have a common word registered. In exceptional circumstances the rule may however be inapplicable, viz., where the common word has lost its primary meaning by long user of the word by a trader in relation to his goods and has become identified with the particular goods of that trader. In such a case the principle above enunciated will not be applicable. In the present case, however, the word "Rasoi" has not become distinctive of the applicant's goods and as such it is also eligible for registration on the ground that no trader can have ordinarily a monopoly of an ordinary word of the language.

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***The Imperial Tobacco Co. of India Ltd. v.
The Registrar of Trade Marks***
AIR 1977 Cal. 413

SALIL KUMAR DATTA, J. – This is an appeal from the judgment and order of P.B. Mukharji, J. dated May 24, 27 and 28, 1968 (Reported in AIR 1968 Cal 582) in an appeal under S. 109 of the Trade and Merchandise Marks Act 1958. By that judgment the order of the Registrar of Trade Marks dated March 26, 1968 rejecting the application for registration of a trade mark filed by the Imperial Tobacco Company of India Ltd. in Part A of the Register or alternatively in Part B of the Register was affirmed. The trade mark for registration is a label, used as wrapper of packets of cigarettes bearing the device of snow clad hills in outline with the word ‘Simla’ written prominently in various panels of the label with small inscription that the content is ‘a product’ of the applicant company. The application had been made for registration of the trade mark in class 34 in respect of manufactured tobacco. In course of hearing of this appeal, an application has been filed stating that the name of the appellant has since been changed to I.T.C. Ltd. under the provisions of the Companies Act, 1956 and accordingly name of the appellant has been amended to read as “I.T.C. Ltd.” by order of this court and the cause title has been directed to be amended in consequence.

2. The appellant filed an application on April 20, 1960 for registration of the said trade mark in Part A of the register stating that the said trade mark was ‘proposed to be used’ in respect of manufactured tobacco in clause 34. The Registrar of Trade Marks sent a reply on December 9, 1960 to the following effect:

Word ‘Simla’ which forms the essential and distinguishing feature of the mark is a famous geographical name and is not registrable except on very strong evidence of distinctiveness. No such evidence is possible as the mark is proposed to be used. You should therefore show cause why the application should not be refused... .

3. By its letter dated July 17, 1963 the appellant withdrew the application and on the same date filed a fresh application for registration of the same trade mark in class 34 in respect of manufactured tobacco. It was stated therein that during the period from April 1960 to June 30, 1963, about 42 crores of such cigarettes under the said trade mark had been sold throughout India while Rupees 15.50 lakhs had been spent as advertisement costs, the value of cigarettes sold being Rs. 1.14 crores. In support of the application the appellant also filed 22 affidavits from consumers, dealers and shopkeepers throughout the country to establish that the trade mark had in the meantime acquired distinctiveness and further, it appears the cigarettes have been in continuous use since then.

4. Thereafter there was a hearing of the application before the Deputy Registrar of Trade Marks, Calcutta and by letter dated December 29, 1965 issued by the Asstt. Examiner of Trade Marks the appellant was informed that the materials on record and arguments advanced on its behalf were duly considered by the Deputy Registrar and the said application for registration of the trade mark either in Part A or Part B of the Register had been refused by him.

5. The Deputy Registrar forwarded grounds of his decision under S. 18(6) of the Act dated March 28, 1966 to the appellant on its requisition. Against this decision, the appellant preferred

an appeal to this Court under S.109(2) of the Act which was heard by P.B. Mukharji, J. and was dismissed as already stated. Thereafter the applicant preferred a further appeal to the Bench of this Court under S. 109(5) which has been heard by us.

6. The Deputy Registrar who heard and considered the application held that though the trade mark is composite in character, its essential feature was 'Simla.' 'Simla' in its only and obvious signification is a well known geographical name and the chief town of a State and further the word 'Simla' was inherently not adapted to distinguish the goods of any particular trader. In regard to the contention that the mark had become distinctive on the material date by reason of extensive sales and advertisement, it was held that it would be unwise to accept the trade evidence as conclusive on question of acquired distinctiveness. The Deputy Registrar was unable to hold that the mark had become distinctive even on the material date while a word purely geographical in its signification, it was held, should not be registered whatever be the evidence as to its distinctiveness. As to deceptiveness of mark as to the place of origin of the goods, though no tobacco had been grown in or around Simla and there was no market as such for tobacco, an ordinary smoker without having any special knowledge, might associate the origin of cigarettes with Simla. The Deputy Registrar was also of opinion that it could not be predicated that the name would not be required, then or later, by other traders for *bona fide* use in respect of similar goods and thus it would be wrong, in exercise of his discretion, to accord registration of the name to the appellants.

7. As to registration in Part B of the register, the Deputy Registrar observed as follows:

I would refuse registration of the mark even in part B of the Register because of its inherent incapacity to distinguish the goods of a particular trader and in the exercise of my discretion. Registration in any form whether in Part A or part B will confer a kind of monopoly right on the registrants and will naturally interfere with the bona fide rights of such traders in the locality dealing with the same goods. Such monopoly rights must not be granted, otherwise wealthy applicants will divide amongst themselves all the names of important cities and towns of India to the embarrassment and prejudice of small traders....

The application for registration, as already stated, was accordingly refused.

8. The learned Judge was also of opinion that 'Simla' was neither an invented word nor a word having a dictionary meaning. Its geographical signification was thus plain and unequivocal and the snow-clad hills in outline in the label made the geographical significance inescapable. Even so, it was held, a geographical word is not an absolute disqualification for the purpose of registration in Part A of the Register, as S. 9(2) of the Act provides that a geographical name "shall not be registrable in Part A of the register except upon evidence of its distinctiveness." A geographical name in its ordinary signification can thus be registered upon evidence of distinctiveness and such evidence will establish if the mark has acquired distinctiveness. This is the position in law in England and is also the statutory position in law under the Trade and Merchandise Marks Act of 1958. The affidavit evidence by dealers adduced by the appellants in support of the proof of acquisition of distinctiveness was considered insufficient to establish distinctiveness in "a magically short time of barely three years," as "distinctiveness of goods in a trade by association with a particular name requires normally a

hard laborious time consuming process in business.” The court agreed with the finding of the Registrar that the appellant’s mark had not become distinctive and evidence is not such as to prove such distinctiveness.

9. As to registration in B Part of the Register, the Court referred to the guidelines laid down in sub-s. (5) of S. 9 which were considered to be illustrative and not exhaustive. The first consideration in Cl. (a) is that the mark must be inherently distinctive or is inherently capable of distinguishing. The second feature of Cl. (b) is where by reason of the use of trade mark or any other circumstances the trade mark is in fact so adapted to distinguish or is in fact capable of distinguishing. The Court was of opinion that even applying either of the tests, ‘Simla’ trade mark is neither inherently distinctive nor is inherently capable of distinguishing the appellant’s goods. The court further found that the use of the trade mark ‘Simla’ or any other circumstances in fact does not make the appellant’s trade mark adapted to distinguish or capable of distinguishing the appellant’s goods. The court felt that the term ‘capable of distinguishing’ connotes both present capability with reference to goods, market, geography, consumer as also future potentiality, while adapted to distinguish implies the nature of adaptation in the mark and also what is in the mark which is adapted to distinguish. The court agreed with the discretion of the Registrar in refusing registration of the trade mark either in Part A or Part B of the Register and the appeal was accordingly dismissed. This judgment is reported in AIR 1968 Cal 582.

10. Mr. Noni Coomer Chakrabarti, learned counsel for the appellant has challenged the judgment of Mukharji, J. as unsustainable in law on various points. On the finding that a geographical word is not an absolute disqualification for registration, it was contended, the learned Judge should have accepted, upon the affidavit evidence, that the trade mark had acquired distinctiveness during the period of three years it had been offered to public who had spent over Rs. 1.14 crores for ‘Simla’ cigarettes, there being no rule of law laying down the minimal period for acquisition of distinctiveness by use. Though contending that upon the evidence adduced and unchallenged, the appellant is entitled to have its trade mark registered in Part A of the register, Mr. Chakravarti submitted that the appellant will be content, for the time being, if its trade mark is registered in Part B of the Register. Accordingly without giving up his objections in regard to the refusal of registration in Part ‘A’ of the Register, he concentrated his attack against the refusal of registration of the trade mark in Part B of the Register.

16. Mr. Chakrabarti has referred to the above provisions and submitted that the conditions for registration in Part B of the register have been fulfilled by the trade mark sought to be registered. He submitted that the trade mark is inherently distinctive or is inherently capable of distinguishing the appellant’s goods from others or in the alternative, the trade mark by reason of its use has become adapted to distinguish or is capable of distinguishing as aforesaid, as required in Cls. (a) or (b) of sub-s. (5) of S. 9 of our Act. He submitted that these clauses are disjunctive and if any of the tests are satisfied, the appellant is entitled to registration at least in Part B register. These contentions have been strongly disputed by Mr. Roy Choudhury, learned counsel for the respondents, who has referred to the conjunctive pronoun ‘and’ used in connecting Cls. (a) and (b) of S. 9(5). The tests required for registration in Part B of the register are both as provided in Cls. (a) and (b), so that, it is submitted, even if it can be said that the

trade mark is capable of distinguishing by use it is neither inherently distinctive nor inherently capable of distinguishing the appellant's goods to the extent necessary.

17. In Halsbury's *Laws of England* (3rd ed., vol. 38, Art. 880) it is laid down as follows:

880. Requirements for registration in Part B – To be registrable in Part B of the register, a mark must be capable of distinguishing goods for which it is registered and in judging of such capacity the tribunal may take into account both the inherent qualities of the mark and the extent to which user or other circumstances has rendered it so capable.

18. In Kerly's *Law of Trade Mark and Trade Names* (10th ed.) it has been observed:

3.72 ...It will be apparent on comparing S. 10 with S. 9 that so far as registrability is concerned, the differences between Part A and Part B are (1) that in the former the mark must be "adapted to distinguish" and in the latter "capable of distinguishing" (the context being virtually identical); and (2) that in the case of names, signatures or words which do not fall within paragraphs (a) to (d) of S. 9(1), so that registration in Part A can only be granted upon evidence of distinctiveness such evidence is not required for Part B if it is possible without evidence to satisfy the tribunal that the mark is capable of distinguishing the goods.

19. Even so, the provisions both of Ss. 9(2)(b) of the British Act and our S. 9(5), Cl. (b) also require evidence of use to establish that the trade mark is in fact adapted to distinguish or capable of distinguishing the goods in respect whereof registration is sought for.

20. In considering the implication of the words "adapted to distinguish" for registration in Part A of the register, and words "capable of distinguishing" for registration in Part B of the register, in the case of '*Weldmesh*' trade mark reported in 1965 RPC 590 (595), Lloyd-Jacob J observed as follows:

Section 9 and Part A of the register are concerned with the registration of marks the primary significance of which is that they are adapted to distinguish the goods of the proprietor and the qualification for registration is the possession of such significance and this may be immediately evident or require use or special circumstances to demonstrate it.

Section 10 and Part B of the register are concerned with an alternative method of registration for marks which can be shown to be capable of distinguishing goods of the proprietor and this is secured by proof of the development of a secondary meaning which outweighs the apparently non-distinctive character of the mark when viewed in isolation. It is, therefore, not unreasonable to regard the two expressions 'adapted to distinguish' and 'capable of distinguishing' as being deliberately chosen so as to direct the particular enquiry aright, the former emphasising that it is because of the presence of a sufficient distinguishing characteristic in the mark itself that distinctiveness is to be expected to result whatever the type and scale of the user and thus secure an estimation of a positive quality in the mark; and the second that, in spite of the absence of a sufficient distinguishing characteristic in the mark itself, distinctiveness can be acquired by appropriate user, thereby overcoming a negative quality in the mark."

21. This interpretation was approved by Willmer L.J. in the Court of Appeal where the '*Weldmesh*' case, 1965 RPC 590 went up in appeal and the other lawlords did not expressly or by implication disapprove the proposition (vide 1966 RPC 220), as also noted in the judgment under appeal before us.

22. In regard to registration in Part B of the register, provisions have been made in sub-s. (4) of S. 9. The essential conditions are that the mark in relation to goods proposed to be registered is (1) distinctive, or (2) if not distinctive, capable of distinguishing the goods of the applicant from those of others. To be distinctive (which means adapted to distinguish) or capable of distinguishing the goods as aforesaid, there may be some inherent qualities or distinguishing characteristics in the mark itself which may make it so distinctive or capable of such distinguishing the goods of the applicant from others. The degree of extent of such inherent quality that may satisfy the requisite qualification for registration is left to the discretion of the Tribunal to determine, with his expert knowledge as the extent of quality is always variable from mark to mark.

23. If however the mark has no inherent distinguishing qualities or features, the distinctiveness may be acquired by appropriate user or other circumstances thereby overcoming the negative quality in the mark. Here again the Tribunal has been given the discretion to register a mark in the B part of the register taking into account the extent of the distinctiveness or capability of distinguishing the applicant's goods from others in fact acquired by reason of the use of the trade mark or other circumstances. There is thus actually no question of exclusion of one clause by another in sub-s. (5) of S. 9 but all relevant factors are to be taken into consideration by the Tribunal who as an expert will exercise his discretion in the light of the provisions of law and judicial interpretation thereof. As has been pointed out by Kerly, a decision upon registrability involves balancing an inherent tendency to unregistrability on the one hand against evidence showing distinctiveness in fact on the other.

24. All these are subject to the condition that where inherent unsuitability is so strong no degree of distinctiveness in fact can counter-balance it, so that some marks are totally unregistrable. This is for the reason that if any mark for example violates the requirements of sub-clause (d) of sub-s. (1) of S. 9 such mark, because of inherent infirmity, can never be distinctive or capable of distinguishing the goods of the applicants sought to be registered from others goods either inherently or by reason of user of the mark or other circumstances.

25. A geographical name according to its ordinary signification is such mark inherently or otherwise incapable of registration subject to such minor exceptions in regard to other aspects as noticed in judicial decisions referred hereinafter. In **Corpus Juris** (Vol. 63, 1933), in Chapter of Trade Marks etc., Art. 53 (pp. 356-7) it is stated:

Geographical terms and words in common use to designate a locality, a country, or a section of country cannot be monopolised as trade marks; but a geographical name not used in geographical sense to denote place of origin, but used in an arbitrary or fanciful way to indicate origin or ownership regardless of location, may be sustained as a valid trade mark.

According to S. 9, sub-s. (1), Cl. (d) of our Act, a trade mark for registration in 'A' part of the Register must contain one or more words having no direct reference to the character or quality of the goods and not being according to its ordinary signification, a geographical name.

26. The first point for consideration is whether the test of Cl. (b) of S. 9(5) has been satisfied in this case, that is, if by reason of use the mark in fact has become distinctive as adapted to distinguish or is in fact capable of distinguishing the goods of the appellant from others. The appellant has submitted affidavit evidence to prove that on the date of application on July 20, 1963 the goods (cigarettes) introduced in 1960, have in course of three years user reached fantastic figure of sale at over Rs. 1.14 crores with advertisement costs of over Rs. 15.50 lakhs. Mr. Chakraborty also filed an application before us in support of his case that the sale figure has been constantly increasing since along with costs of advertisement. We have however thought it fit to confine ourselves to facts as existing on the date of application which is the usual practice followed in such cases. Though evidence as to subsequent events may be admissible as throwing light on the question, we shall proceed on the basis that the 'Simla' cigarettes have not been withdrawn from the market and the sale of 'Simla' cigarettes has been continuing. Even so, the acquisition of distinctiveness should be on the date when the application is filed for registration, and the law does not require or provide for acceptance of evidence of subsequent events.

27. Before we proceed further we shall consider two aspects of the controversy in respect whereof grievance has been made before us. The learned Judge did not approve of the conduct of the appellant in not withdrawing its earlier application of April 20, 1960 till the date of filing the present application on July 20, 1963 while in the meantime the appellant went on building its trade. As laid down in Kerly's book referred to above, "an applicant is entitled to withdraw an application and to make a second application so as to obtain the advantage of a longer period of use and earlier application was obviously kept pending to meet a possible challenge in the meantime. That context, we say with respect, has no bearing on the merits of the application.

28. As to evidence also, the learned Judge found affidavits of dealers and employees unacceptable as they were not disinterested witnesses while the affidavits of smokers were held not dependable. We are unable to subscribe to this view, as who else other than dealers and their employees would be the fit persons to state of the position in the market, the consumers' demand and of the sale figures in respect of the goods. There is also no reason to disbelieve the smokers in the context of the huge sale figures even on the date of the application.

29. Let us now examine if the trade mark could have attained the distinctiveness on the date of application. There can be little dispute that the acquisition of distinctiveness of a trade mark is a long, laborious and time consuming process. Even so, no time limit is fixed by statute and in the British Act of 1919 two years bona fide user was considered sufficient. There may be a case where for sundry reasons, a trade mark may attain the requisite distinctiveness within a "magically short period and it is not possible to predicate or lay down any hard and fast rule about the period of time on the expiry whereof only a trade mark by user can attain distinctiveness required under the statute. Every case will depend on the attending circumstances and evidence adduced in support of the acquisition of distinctiveness.

30. We shall now consider if the trade mark has attained ‘distinctiveness’ on the date of the application. ‘Distinctiveness’ has been understood to mean ‘some quality in the trade mark which earmarks the goods so marked as distinct from those of other producers of such goods. In *Liverpool Cables* case [(1929) 46 RPC 99] the trade mark applied for registration was ‘Liverpool Cables’ in respect of electric cables. In *Glastonburys* case [(1938) 55 RPC 253] the trade mark was ‘Glastonburys’ in respect of slippers etc. In *Yorkshire* case [(1954) 71 RPC 150] the trade mark sought to be registered was ‘Yorkshire’ for solid-drawn tubes and capillary fittings of copper or copper-alloys. In *Tijuana Smalls* case [1973 RPC 453] the trade mark under consideration was ‘Tijuana Smalls’ the first word in block capitals. In all these cases the trade mark was a word of combination of words and it was claimed that by reason of user, the trade mark has acquired a secondary meaning distinguishing goods under the mark sought to be registered as of the applicants from similar goods of others.

31. In the trade mark we are concerned with there is no dispute that though the mark is composite in character, including the word ‘Simla’ in bold character with snow clad hills in outline and an inscription that the product is of the appellant in ordinary character or manner, the word ‘Simla’ is the prominent feature of the mark and distinctiveness is claimed in respect of the word ‘Simla.’ Even so the trade mark is not confined to the word ‘Simla’ and in the affidavits filed by the smokers on behalf of the appellant, the deponents say that the ‘Simla’ label bears the inscription in ordinary character of being the product of the appellant whose products are of good and standard tobacco. It is accordingly not possible to say that the word ‘Simla’ by itself has acquired a secondary meaning to its customers, so as to conjure in their mind the cigarettes belonging to the appellant only and to none else even if the mark did not contain the inscription that it was a product of the appellant. A trade mark like ‘Simla’ on goods to distinguish them from others goods as claimed must be the trade mark on its own without any assistance from indications like such goods being a product of the appellant. That is not the case possible here, as the mark ‘Simla’ does not stand on its own, so that it is not possible to say that by reason of the use ‘Simla’ is adapted to distinguish or capable of distinguishing as the goods of appellants to the exclusion of goods of others.

32. As we have seen ‘Simla’ is not an invented word; and though it has no reference to the character or a place of origin of the goods sought to be registered it is not inherently distinctive or adapted to distinguish “as there is no sufficient distinguishing characteristic in the mark itself so that distinctiveness might be expected to result whatever the type and scale of user and thus secure an estimation of the positive quality in the mark.” This infirmity brings the trade mark out of the operation of cl. (a) of S. 9(5). There is no other circumstances pleaded and the user of the trade mark ‘Simla’ by itself as we have seen, on the evidence adduced cannot be said in fact as distinctive or capable of distinguishing the goods of the appellants from others by use in consequence whereof. Cl. (b) of S. 9(5) has also no operation. In arriving at this conclusion, we are not influenced by the finding that three years’ time is too short for acquisition of distinctiveness, as there may be cases where a product may attain such distinctiveness within a short spell of time for its inherent qualities of the product.

33. Even assuming that the trade mark ‘Simla’ has become capable of distinguishing by use thus fulfilling the condition of Cl. (b) of S. 9(5) entitling registration in Part B of the register, there are other formidable hurdles in the way for registration as already noted.

34. As we have seen, the mark 'Simla' is a geographical name and the snow-clad hills in outline in the mark indicates its use in ordinary or geographical signification, so that the mark is neither a fancy or invented word nor one with a secondary meaning. As has been observed in Karly's Treaties (10th Edition):

8.51. A word is not debarred from registration under S. 9(1)(e) as a distinctive word merely because it is geographical and so cannot be registered under S. 9(1)(d). Some geographical names can be inherently adapted to distinguish the goods of particular traders, but only if it can be predicated that they are such names as it would never occur to any other trader in such goods to use. At the other extreme, the name of a major industrial area or city will be totally unregistrable in respect of almost any goods. In between come the marks calling for more or less evidence that they are distinctive in fact.... It may tip the balance that the applicant can show that he has a natural or legal monopoly of the production of goods concerned in the place concerned; but that alone will not make a geographical name registrable without substantial evidence of distinctiveness.

Though Cl. (d) of S. 9(1) which refers to geographical name in ordinary signification relates to registration in Part A of the register, the distinctiveness of the trade mark which makes it capable of distinguishing the applicant's goods, as required in Cl. (b) of S. 9(5) in respect of registration in Part B of the register, it is a vital and essential element for the purpose. Such distinctiveness is not possible for any geographical name in its ordinary or geographical signification. Though the rule has been relaxed in respect of small and insignificant place or where there is no geographical significance of the mark, if the geographical name propounded for registration is the name of an important country or a large district, county or city of commercial importance or has a geographical signification, the mark will be refused registration notwithstanding evidence of long and extensive use. In *Liverpool Electric Cable Co. Ltd.* case [(1929) 46 RPC 99] where registration was sought for trade mark 'Liverpool' in both Parts A and B of the register it was held that the name of an important commercial centre as Liverpool even though it may in fact be distinctive of the goods in respect of which it is sought to register it is not registrable. In respect of Monte Rosa Cigarettes or Teneriffe Boiler Plates it was noted that there was no geographical significance in the mark which were mere pet names. It was further held that that Liverpool being a well known city is geographical and not capable of distinguishing the goods of any particular trader and such registration will tend to embarrass traders who are in the trade or who may hereafter so trade as they would have difficulty in describing their goods if prevented from using the word 'Liverpool' Cables.

35. In *A. Bailey & Ltd. v. Clark, Son & Morland Ltd.* [(1938) 55 RPC 253] known as *Glastonbury* case, the respondent obtained registration as a trade mark of the word 'Glastonburys' used in connection with goatskin slippers and the appellants brought an action to rectify the register by expunging trade mark 'Glastonburys.' The prayer was allowed on the ground that (in spite of 'S') Glastonbury was a geographical name *prima facie* unregistrable under S. 9 and evidence was unsuitable to prove the word to be generally distinctive of the respondents' goods and the word was not adapted to distinguish. The Court of Appeal held that 'Glastonburys' had become distinctive and had acquired as secondary meaning indicating exclusively the goods of the respondents. The House of Lords on further appeal held that the

mark was not adapted to distinguish the goods of the respondent from those of other persons and its presence in the register would hamper rights of other traders. It was held that the word 'Glastonburys' is obviously a geographical name indicating the town of Glastonbury which had a reputation of manufacturers of Sheep-skin slippers and parties were such manufacturers. It was observed that the respondents and future manufacturers of slippers in Glastonbury or their retail customers should not be hampered or restricted by the presence of the mark on the register while evidence was also insufficient to prove distinctiveness or that the mark was a fancy name.

36. In respect of *Yorkshire Copper Works Ltd.* application for registration of the trade mark 'Yorkshire' [(1954) 71 RPC 150] on its goods of copper tubes and capillary fittings, the House of Lords proceeded on the basis that the trade mark has acquired 100 per cent distinctiveness. It was held that as the mark is beyond question a geographical name, even though it has no direct reference to the character or quality of goods, it cannot be registered if it is according to its ordinary signification a geographical name. Lord Simonds L.C. observed that the Registrar could not have come to any other conclusion than refusal of the application.

Unless having found distinctiveness in fact, he (the tribunal) needed to pay no regard to the other factor of inherent adaptability, he was faced with by the fact that there could not well be a geographical name less inherently adapted "than Yorkshire to distinguish the goods of the appellants (applicants) For just as a manufacturer is not entitled to a monopoly of a laudatory or descriptive epithet, so he is not to claim for his own a territory whether country, county or town, which may be in the future if it is not now, the seat of manufacture of goods similar to his own.

37. The position emerging from the statutory provisions and the judicial interpretations thereon appears to be that a trade mark in Part B of the Register will be registered if the mark is distinctive or capable of distinguishing the applicant's goods from others. In determining whether the mark is distinctive or capable of distinguishing, the Tribunal shall have regard if the mark is inherently distinctive or is inherently capable of distinguishing as aforesaid. If not, the Tribunal will further examine if by reason of use or other circumstances, the trade mark has in fact become distinctive (as adapted to distinguish) or capable of distinguishing as aforesaid. All the same the Tribunal will refuse registration in respect of either parts of the register if the trade mark is inherently incapable of being distinctive or inherently capable of distinguishing the goods of the applicants from others. Such reasons obviously are the disabilities violating the provisions of Cls. (c), (d) and (d) of sub-s. (1) of S. 9 of our Act which again may not be exhaustive. The courts of law have further imposed the condition that no trade mark should be allowed to be registered which may hamper or embarrass the traders or trade now or in future in respect of the place or country which is proposed to be registered.

38. Mr. Chakrabarty has referred us to the decision in *Tijuana Smalls'* case where registration in respect of cigars was allowed in Part B (1973 RPC 453). Tijuana is a town in Mexico with inhabitants over 2 lakhs. Graham J. in allowing registration in Part B held that the question whether a geographical word could be registered was of degree. These words whose primary signification is geographical and where the geographical significance is so general and so likely to be adapted or desired for use by more than one trader, it would be wrong however distinctive they might in fact have become ever to allow one trader by registration to seek to monopolise them (e.g. Yorkshire or Liverpool). There are other 'geographical' words (e.g.

North Pole) where, for one reason or other, when considered as applied to the goods in respect of which it is sought to register them, it is clear that the use is in fact clearly not geographical but fanciful, and was therefore, at least, capable, particularly by use, of being distinctive in practice of one of manufacturers' goods. Registration could, therefore, in such cases be allowed without causing inconvenience to or encroaching upon the reasonable trading rights of other manufacturers. The learned Judge found that the conclusion that Tijuana, an arid area, could well become tobacco producing centre being so improbable should be rejected.

39. Strong reliance was placed on this decision by Mr. Chakravarti who contended that Simla was never a tobacco producing centre or likely to be so and there is no chance or occasion for any prejudice being caused to other traders or manufacturers. He also referred to the Trade Marks Journal published by the Government containing advertisements of various geographical names for acceptance: 'Sheemla' for agarbati, 'Gulmarg' for wire, 'Shalimar' for engineering goods, 'Kalighat' for biddies were cited and referred. In all such cases it appears that the names *prima facie* are fanciful without geographical or ordinary signification and at this stage it will not be proper to depend on those marks without further material or evidence. The propositions of law in respect of geographical names have been referred to above and in view of the imprint of snow clad hills in outline in the trade mark 'Simla' the ordinary or geographical signification is obvious and patent even though it has no reference to the quality or place of origin of the goods as at present advised. Further, registration of such trade mark may hamper or embarrass the trade or traders in or around the locality in future as held by judicial authorities, cited earlier in similar cases. Also 'Simla' is too prominent a city, the capital of Himachal Pradesh, well known in the country and abroad and in its ordinary or geographical significance it is inherently neither distinctive nor adapted to distinguishing the goods of the appellant as a particular trader from those of others, and is also hit by the provisions of S. 9, sub-s. (1), Cl. (d) of the Trade and Merchandise Marks Act, 1958. In view of the above position, the Deputy Registrar in rejecting the application for registration in Part A or Part B of the Register rightly exercised his discretion conferred on him by law.

40. For the aforesaid reasons the appeal fails and is dismissed without any order for costs in the circumstances.

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***Geep Flashlight Industries Ltd. v.
The Registrar of Trade Marks***

AIR 1972 Del. 179

M.R.A. ANSARI, J. – The appellants filed an application before the Assistant Registrar of Trade Marks, Delhi, for registration of the trade mark consisting essentially of the word ‘Janta’ in respect of electric torches. The application was advertised in the Trade Marks Journal. Although no objections were filed by any one against the registration of the appellant’s trade mark, the learned Assistant Registrar declined to register the appellant’s trade mark mainly on the ground that it was not either distinctive or capable of distinguishing. The appellant seeks to challenge the said order of the learned Assistant Registrar.

2. The learned Assistant Registrar was of the view that the word ‘Janta’ was phonetically akin to the word ‘Janta’ which was a word of common use and which was neither distinctive nor capable of distinguishing the goods of the appellant. The learned counsel for the appellant contended that the word ‘Janta’ is quite distinct from the word ‘Janta’ and that in Hindi the word ‘Janta’ meant knowledge and that it was in that sense that the word was used in the appellant’s proposed trade mark. There is hardly any substance in this contention. When an objection was raised by the office of the Registrar that the word ‘Janta’ had a direct reference to the character or quality of the goods and was not distinctive, the appellant in its letter dated July 25, 1961 admitted that the word ‘Janta’ has a dictionary meaning as “people” but proceeded to state that it did not have any direct reference to the character or quality of the goods on which it was used. Further, in some of the documents filed by the appellant, namely, Exs. A-9, A-10, A-22, A-36, A-38 and A-39, which represented invoices and orders for the appellant’s goods, the word mentioned is Janta. Therefore, the appellant’s application for registration of its trade mark must be considered on the basis that the word ‘Janta’ was equivalent to the word ‘Janta.’

3. For a trade mark to be qualified for registration, it should satisfy the conditions laid down in Section 9 of the Trade and Merchandise Marks Act, 1958 (the Act). The effect of clause (d) of sub-section (1) and sub-section (2) is that if the word in that trade mark has a direct reference to the character or quality of the goods, then, it shall not be registered. According to the learned Assistant Registrar, the word ‘Janta’ has a direct reference to the character or quality of the goods, because the goods bearing such a name indicate that they are cheap in price and meant for the common man. The appellant admittedly manufactures electric torches of various qualities and the torches bearing the name ‘Janta’ are the cheapest. But these facts do not necessarily lead to the conclusion that the word ‘Janta’ is descriptive of the character or quality of the goods. The price is undoubtedly one of the factors which will be considered by the purchaser but the prime consideration would be the utility of the goods. If the goods are of poor quality and do not serve any useful purpose, then no one would purchase the goods notwithstanding the low price. The figures of sales of the appellant’s ‘Janta’ torches which even according to the learned Assistant Registrar are quite impressive, indicate that these torches have given satisfactory performance and it is for that reason that they are in such demand in the market. I am, therefore, unable to agree with the view of the learned Assistant Registrar that

the word 'Janta' has a direct reference to the character or quality of the goods. Therefore, the proposed trade mark of the appellant does not come within the mischief of Clause (d) and is, therefore, not disqualified for registration under sub-section(2) of Section 9 of the Act.

4. The appellant's application being one for registration of its trade mark in Part B of the Register, the said trade mark is disqualified from registration under sub-section (4) of S. 9 unless it is distinctive but is capable of distinguishing goods with which the proprietor of a trade mark is or may be connected in the course of trade from goods in the case of which no such connection subsists, either generally or, where the trade mark is proposed to be registered subject to limitation, in relation to use within the extent of the registration. According to the learned Assistant Registrar, the word 'Janta' being a word of common use is neither distinctive nor is capable of distinguishing the goods of the appellant. There is no difficulty in agreeing with the learned Assistant Registrar that the word 'Janta' is not inherently distinctive or inherently capable of distinguishing. But the learned counsel for the appellant seeks to rely upon clause (b) of sub-section (5) of S. 9 of the Act which, according to him, permits the registration of a trade mark which by reason of its use is in fact adapted to distinguish or is in fact capable of distinguishing the appellant's goods. In this connection, learned counsel points to the following observations of the learned Assistant Registrar:

The total turnover for the period from 1952 to 1961 is of the order of over rupees 23 lacs which is quite impressive for a low priced consumer article like electric torch xxx. The Documentary evidence filed in support of user and advertisement consists of a large number of orders and invoices covering the advertisement cuttings from newspapers. These exhibits clearly show that the applicants have been selling torches under the name 'Janta' from 1951 onwards and have also advertised it very extensively all over India in various newspapers in different languages x x x x. The evidence before me shows that the trade mark 'Janta' by virtue of extensive use has in fact come to denote the goods of the applicants to the traders and dealers in electric torches.

On the basis of the above observations, the learned counsel contends that the word 'Janta' has been associated by the public with the torches produced by the appellant and that, therefore, by reason of the use of the trade mark, it had in fact become adapted to distinguish or capable of distinguishing the appellant's goods within the meaning of clause (b) of sub-section (5) of S. 9.

5. In support of this contention, the learned counsel has also referred to a decision of the Supreme Court in *Kaviraj Pandit Durga Dutt Sharma v. Navaratna Pharmaceutical Laboratories*, [AIR 1965 SC 980]. That was, however, a case that was decided under the Trade Marks Act, 1940 which contained the following proviso to Section 6 of the said Act:

Provided that in the case of a trade mark which has been continuously used (either by the applicant for the registration or by some predecessor in his business, and either in its original form or with additions or alterations not substantially affecting its identity) in relation to which registration is applied for, during a period from a date prior to the 25th day of February 1937, to the date of application for registration, the Registrar shall not refuse registration by reason only of the fact that the trade mark is

not adapted to distinguish as aforesaid, and may accept evidence of acquired distinctiveness as entitling the trade mark to registration.

It was because of the facts of the case before the Supreme Court fell within the scope of this proviso that registration was granted notwithstanding the finding that the word sought to be registered was neither inherently distinctive nor inherently adapted to distinguish. This decision will, therefore, not help the appellant. On the other hand, some of the observations of the Supreme Court in that case go against the appellant's contention.

6. Their Lordships quoted with approval the following observations of Fry, L.J. in the case of *In Re: Dunn* [(1888) 6 RPC 379]:

It is said that the words 'Fruit-Salt' have never been used in collocation except by Mr. Eno. Be it so ... I cannot help regarding the attempt on Mr. Eno's part as an instance of that perpetual struggle which it seems to me is going on to enclose and to appropriate as private property certain little strips of the great open common of the English Language. That is a kind of trespass against which I think the courts ought to set their faces.

In the present case also, by seeking a monopoly to use the word 'Janta' in its trade mark, the appellant is attempting to enclose and to appropriate as private property certain little strips of the great open common of the Hindi Language. Their Lordships once again quoted with approval the following observations of Lord Simon in *Yorkshire Copper Works Ltd's Application for a Trade Mark* [(1954) 71 RPC 150]:

I am content to accept the statement reiterated by their learned counsel that the mark had acquired 100 per cent distinctiveness I must express my emphatic dissent from the proposition which was strenuously urged by counsel for the appellants that distinctiveness in fact is conclusive In my opinion the decisions of this house in *W* and *G* case (1913 AC 624) and the *Glastonbury* case (1938 AC 557) are fatal to this proposition and I am content to accept as accurate the clear exposition of those cases given by the learned Master of the Rolls in the present case. [J]ust as a manufacturer is not entitled to a monopoly of a laudatory or descriptive epithet, so he is not to claim for his own territory, whether country, county of town, which may be in the future, if it is not now the seat of manufacture of goods similar to his own.

The trade mark which was sought to be registered in that case was 'Navarathana.' This trade mark was refused registration on the ground that it did not satisfy the conditions laid down in Section 6 of the Trade Marks Act 1940 which is in para materia with Section 9 of the Act except for the proviso to Section 6 of the former Act which is omitted in Section 9 of the Act. Their Lordships observed that:

If the matter had to be decided in terms of Section 6(1) alone without reference to the terms of the proviso to sub-section (3) x x x x we see great force in the submission of the learned counsel.

7. As a result of the above discussion, it must be held that although the appellant had led evidence to prove that its torches bearing the name 'Janta' have acquired considerable

reputation in the market, still the word 'Janta' is in fact not adapted to distinguish or is in fact not capable of distinguishing the appellant's goods.

8. Further, even if the appellant's proposed trade mark satisfies the conditions prescribed in Section 9 of the Act, the appellant is not entitled as a matter of right to the registration of his trade mark. It is still open to the Registrar to decline to register the appellant's trade mark in the exercise of his discretion under Section 18(4) of the Act. This exercise has undoubtedly to be exercised judicially and not capriciously or arbitrarily. But in this case the learned Assistant Registrar has given his reasons for exercising his discretion against the appellant. He has observed that the word 'Janta' in India has a special significance and it is used very widely in various situations to denote or connote people or the common man and that the word 'Janta' is one of those words which should be kept open for the use of any person for a bona fide descriptive or trading purposes and that the appellant should not get monopoly right over this word. In my view, these are valid grounds for exercising the discretion vested in the Registrar under S. 18(4) of the Act, against the registration of the appellant's trade mark and I do not see any justification for interfering with the discretion of the learned Assistant Registrar.

In the result, the appeal is dismissed, but there shall be no order as to costs.

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Sunder Parmanand Lalwani v. Caltex (India) Ltd.

AIR 1969 Bom 24

MODY, J. - This appeal concerns a dispute over a Trade Mark. The Trade Mark is the word "Caltex" per Se.

2. One Parmanand Teckchand Lalwani, carrying on business under the name and style of Lalwani Brothers, filed an application for registration of the said Trade Mark in respect of Class 14, but confined to "Horological and other Chronometric instruments and parts there-of" included in Class 14. In the application, the applicant claimed to be proprietor of the mark on the ground that the mark had been used since "one and a half year." On the 11th September 1958, Caltex (India) Limited filed their opposition in the matter of the said application. The Opponents contended that they were proprietors of the said mark in Class 4 and Class 19; that they had used that mark in India in respect of their goods since the year 1937; that they had carried on wide publicity; and that, therefore, the applicant's proposed trade mark being identical with their own was likely to deceive or cause confusion in the trade. The opponents further contended that in any event the registration should be refused in the exercise of the discretion available in law whether the mark should be refused or not. On the 20th November 1958, the applicant filed his counterstatement. In the counterstatement, the applicant contended that there would be no confusion as the class of goods in which the mark would be registered would be different from the class of goods in respect of which the opponents were using the mark. The applicant further stated that the mark "Caltex" had since long been registered in Switzerland in the name of M/s. Degoumois and Co. for goods in class 14, and that the applicant had first adopted, introduced and used the mark on his goods in India since 1955.

4. The Deputy Registrar Pointed out to the applicant the admission contained in paragraph 3 of his affidavit dated 22nd June 1959 to the effect that M/s. Degoumois and Co. were the owners of the trade mark for watches in Switzerland, and that the applicant had imported into India those watches from them. The applicant thereupon applied for an opportunity to produce evidence of his proprietorship of the mark applied for by him. Thereafter the applicant filed declaration dated 24th August 1960 of one Jean V. Degoumois owner of the said firm of M/s. Degoumois and Co.

5. The matter was then heard and disposed of by the Deputy Registrar by his order dated 31st January 1961. He held that the opponent's marks had acquired a reputation in connection with the goods for which they had been used and were on the Register. He further held that an opportunity had been given to the opponents to file an affidavit in rebuttal to the declaration of Degoumois, but they did not do so. There was no material doubt the statements contained in said declaration and that he accepted the same, and was thereupon satisfied that the mark applied for by the applicant was an Importer's mark, and that the applicant was the owner thereof by selection in so far as India was concerned. He further held that the competing marks were identical but the competing goods were entirely different in character. He further held that there was no connection in the course of the trade between the competing goods as they were never sold at the same shop. He further held that the trade channels through which the respective goods passed were entirely different, and that, as a matter of fact, the opponents' goods were exclusively available only at their own service stations or agencies where even similar goods

of another trader were not permitted to be sold, much less the goods of others of a different character as those of the applicant in respect of which the mark was applied for a registration. He held that the reputation of the opponents was only in respect of the goods for which their marks were being used. He held that, therefore, despite the reputation of the opponents' mark, the use of the applicant's mark would not be likely to deceive within the meaning of Section 11 of the Trade and Merchandise Marks Act, 1958. The opponents had urged that the application had been actuated by dishonest intention and motive in selecting the mark, and that, therefore, the Registrar should exercise his discretion against registering the mark. The Deputy Registrar negatived that contention. He dismissed the opposition, the consequence whereof would be that the applicant's mark would be registered.

6. The opponents filed an appeal to this Court by way of a petition against the said order of the Deputy Registrar. The petition was heard and disposed of by Mr. Justice S. M. Shah. The learned Judge held that the applicant's mark was not an Importer's mark, and that the applicant was not the owner thereof. The learned Judge confirmed the Deputy Registrar's finding that there was no danger of confusion. The learned Judge, however, held that the applicant dishonestly selected the mark, and that in view of the existence of such dishonest intention the Deputy Registrar was wrong in exercising the discretion in favour of the applicant, and that the Deputy Registrar ought to have refused registration on that ground also. The learned Judge does not appear to have dealt in his judgment with the point whether he could interfere with the exercise by the Deputy Registrar of his discretion, and if so, on what particular grounds it would be competent for him to so interfere. The learned Judge allowed the appeal and the petition, set aside the order of the Deputy Registrar and declared that the opposition had succeeded, the necessary consequences whereof would be that the applicant's application for registration would fail. The applicant has filed this appeal against the said judgment and order of Mr. Justice Shah.

7. Mr. Bhabha, learned Counsel for the applicant, stated that he would urge the following five points before us; viz

(1) Whether there was any tangible danger of confusion between Caltex watches and Caltex petrol and various other oil products of the opponents?

(2) Whether there was any dishonesty in the applicant's adopting and introducing the trade mark "Caltex" in respect of watches in the Indian market?

(3) Whether the learned Judge should have interfered in the exercise of the discretion by the Deputy Registrar in ordering the applicant's mark to be registered?

(4) Whether the applicant is the proprietor in his own right of the mark in India in respect of the watches?

(5) Whether the applicant is entitled to the mark as an Importer's Mark?

9. There is evidence on record, and it is not disputed that the opponents are the registered proprietors of five marks. The first three marks were registered on 14th January 1943 and the last two on the 2nd November 1951. The affidavit of Hansraj Berry, Acting Manager (Marketing) of the opponents, dated 8th December 1959 contains diverse statements as to the opponents' user of their said marks. He states that the opponents have used the trade mark "Caltex" since the year 1937 on a very large scale on Industrial oils and greases, lubricants, fuels (including motor spirit), illuminants (including kerosene), asphalt, pitch, bitumen and

building materials. He further stated that the goods of the opponents were sold in every part of India and he has given figures of the annual turnover of the years 1937 to 1958. The turnover in 1938 was over Rs. 1,63,00,000 and in 1956, it was over Rs. 30,60,00,000. He has also stated that the goods of the opponents are widely advertised in India as also in the literature published in other countries but received in India. He has given figures of the annual advertisement costs in India for the years 1937 to 1958. In each of the four years 1953 to 1956, those costs have exceeded over a million rupees. He has further stated that the opponents have hundreds of petrol pumps in India which sell petrol for motor cars and aviation petrol, and also all kinds of fuels, lubricants and greases etc., and that the trade mark "Caltex" is not only prominently displayed on the pumps but also on the petrol stations. He has further stated that kerosene under the trade mark "Caltex" is sold mostly in the villages and that the villagers are well acquainted with the trade mark "Caltex". He has further stated that there is no other company in India of the name of "Caltex", and that that fact is well known to the public. He has further stated that the opponents have applied for Defensive Registration for a large number of their goods in classes 2, 3, 5, 11, 16, 18, 19, 24, 25 and 26, and that the same had been accepted by the Trade Marks Registry. None of the above statements of fact have been disputed by the applicant. It may, however, be stated that the said application for Defensive Registration was made sometime after the applicant's said application dated 14th August 1956, the exact date thereof has not been brought on the record. It is, however, clear that the opponents did not apply for defensive registration in respect of class 14, in respect of which class the applicant has made the said application for registration. On these facts, there is no doubt that the opponents were qualified to maintain their said opposition and as a matter of fact, the applicant has not even contended to the contrary.

10. The applicant has stated that he was the proprietor of the mark, because it was in use since one and a half year. According to the applicant, therefore, he had been using the mark since about February 1955. The applicant filed his affidavit dated 18th April 1957 in support of his application. He has stated in the affidavit that he was importing various articles including watches, and was manufacturing presentation articles. He has further stated that he adopted the trade mark "Caltex" in or about the year 1955, and that he placed the first order for Caltex watches with the manufacturers in Switzerland in April 1955. The applicant has further stated in his said affidavit that he had continuously used the said mark on the imported watches from that date upto the date of his affidavit, and that the total imports during that period had amounted in 1955-56 to about Rs. 32,000 and in 1956-57 to about Rs. 63,000. This particular statement of the applicant is extremely vague. He has not stated that those two amounts were in respect of import of watches much less of watches with the mark "Caltex". The years have been given as 1955-56 and 1956-57, the dates of commencement and end of each year have not been mentioned; nor do they appear anywhere else on the record. The dates are somewhat material, because the date of application is 14-8-1956 and without the date of commencement of the year being known, it is not possible to know whether any part of the period 1st January to 14th August 1956 at all falls within the second year 1956-57, and if so, what part. He further states that the watches etc. under the mark "Caltex" had been sold throughout the Indian dominion and that annexed to the affidavit were a few copies of the invoices to show that the goods were sold under the mark "Caltex". Although the affidavit states that what the applicant had sold under the mark "Caltex" were "watches, etc.," i.e., goods other than watches also, there is no

evidence whatsoever on the record that the applicant had sold any goods whatsoever other than watches with the mark "Caltex" at any time before he filed his application for registration. There are copies of 9 memos annexed to the affidavit as Ex. "B ". The last four refer to sales after the 14th August 1956 and are irrelevant for the purposes of this appeal. The relevant date as on which the applicant's application for registration is to be considered, is the date of the application itself, namely, 14th August 1956. That is the position in law, and that is common ground between the parties. The last four memos being after that date must, therefore, be ignored. The last five memos are between the dates 19th November 1955 and 18th May 1956. They are in the nature of invoices, between the five of them. They show sales in the aggregate of 215 watches with the mark "Caltex". The memos being by way of invoices do not show by themselves that the watches were in fact delivered and paid for. What has been annexed to the affidavit are copies of the memos and not the original memos. The originals of course, would be with the parties to whom they were sent. Mr. Rage, the learned Counsel for the opponent's, sought to cast doubt as to the genuineness and veracity of the copies which have been annexed. The rates of sales has mentioned in these memos of "Caltex" watches vary between Rs. 180 and Rs. 21 per watch less 61/4% discount. The selling price would therefore, be about Rs. 17 to Rs.20 per watch. Even bearing in mind those were comparatively good though not very old days of 1955 of cheaper prices, it is clear that the watches were really of what might be said to be, cheap quality. It is further stated in the affidavit that the mark "Caltex" had been popularized by the applicant through regular propaganda and campaign through his agents and representatives and other media of advertisements. Before Mr. Justice Shah, however, Council for the applicant stated that during the period from June 1955 to August 1956, the only watches which were advertised by the applicant were those bearing the mark "Royce" and that no other type of watches was advertised during the period. That statement has been recorded by the learned Judge in his judgment and his accuracy and has not been challenged. It is, therefore, clear that statement about propaganda, campaign and advertisement of the mark "Caltex" in respect of the applicant's watches is not true.

11. The annexure Ex."A" to the said affidavit of Lalwani is a photostat copy of an order. The photostat copy shows that the order was dated 6th April 1955. The document is in French, at least partly. There is no translation and it is not easy to understand the contents of the document. There appear to be 7 heads of items of watches. The Brand-name of the watches appears to have been mentioned only in 5 out of 7 items, the name originally mentioned in all the five items being "Sandy". In each of the five items, the word "Sandy" has been scored out, and in the first item substituted by the word "Linda" and in the other four items by the word "Caltex". The quantities, i.e. the number of watches ordered, also appear to have been scratched out and altered in many of the items. We will revert to this memo later on in connection with the other evidence.

12. In their grounds of opposition, the opponents raised the point about likelihood of deception and confusion. They also contended that the Registrar should exercise his discretion against registering the application of the applicant. The grounds lastly stated that the applicant has alleged user since 1955, but that the opponents did not admit the same and put the applicant to the strict proof thereof. It is the applicant's contention that the applicant's proprietorship of the mark "Caltex" in respect of class 14 was not disputed by the opponents before the Registrar.

It is, however, pertinent to note that in the very first document, namely, the grounds of opposition, the opponents have stated that they do not admit the allegation about the applicant's user since 1955 and put him to the strict proof thereof. The opponents did, therefore, make it clear that the opponents wanted the applicant to prove his allegation about his user since 1955. In his application, the sole ground on which the applicant claimed proprietorship was by reason of such user. Challenge to such user, therefore, amounted to a challenge to the applicant's proprietorship.

13. Applicant Lalwani filed his counter statement to the notice of opposition, which is dated 20th November 1958. In the counter statement, he has stated that the marks claimed by the opponents were registered in classes 4 and 19, which were altogether a different class than class 14, in respect of which he had applied for registration, and that the opponents had never been in the trade in respect of class 14. In the counter statement, the applicant even denied that the opponent's mark was well known throughout India. The counter statement also contains the following statement:

"The mark Caltex is since long registered in Switzerland and in the name of M/s. Degoumois and Co. S. A. Fabrique De Monthes Avta, Meuothatel, Switzerland for goods in class 14 and has been first adopted, introduced and used by the Applicant on his goods in India since 1955 on articles manufactured by the said Company for the applicant and imported by him...."

By this passage, the applicant appears to convey that after the applicant adopted the mark "Caltex" in India, the mark "Caltex" was used on watches, and that it was at the instance and under the instructions of the applicant that the Swiss Company applied that mark on the watches ordered from them by the applicant.

14. Thereafter, the opponents filed an affidavit of one Mayne, their Manager (Marketing), dated 18th February 1959. In that affidavit, he has stated that the opponents-company was incorporated in the year 1937, that since then the opponents had done large business in India and had extensively used the trade mark "Caltex" on its products and in their business; and that the trade mark "Caltex" of the opponents had become so well known in respect of the goods in relation to which it was registered and used that the use thereof in relation to other goods by other parties would be likely to be taken as indicating a connection in course of trade between those goods and the opponents. He further stated that the word "Caltex" was derived from the words "California" and "Texas", which appear in the names of the companies, which were the opponents-company's parent organisations, and that "Cal" and "Tex" were the abbreviations also of the two States of United States, California and Texas.

15. The opponents thereafter filed the affidavit of Bery dated 30th July 1959, in which he denied in so many words that the applicant was the proprietor of the trade mark "Caltex".

16. to 28. (After examining the documentary evidence his Lordship proceeded):

29. The judgment of Mr. Justice Shah contains the following passage:

"It appears that the first consignment of watches that the respondent received from the Swiss Manufacturers was covered by an invoice dated 3rd June 1955. Under that invoice as many as 1400 watches were imported by the respondent. Only 100 watches

out of them however bore the trade mark "Caltex". In this consignment of 1400 watches 200 watches bore the mark "Linda" and the invoice shows that no particular mark was embossed upon the remaining 1100 watches. The respondent then appears to have placed a further order on 21st November 1955 for 300 pieces out of which only 100 pieces were required to be under the mark "Caltex". In course of the arguments I enquired of the learned counsel for the respondent as to the number of watches which the respondent had imported from the Swiss Manufacturers between 3rd June 1955 and 14th August 1956 on which date the application for registration of the mark was made and was informed that the total number of watches imported by the respondent from the Swiss Manufacturers were 2771 out of which 200 watches bore the mark "Linda" and 200 watches bore the mark "Caltex". I was further told by the learned counsel for the respondent that many other types of watches were also imported by the respondent from other manufacturers in Switzerland, that the total number of watches so imported including the watches imported from the Swiss manufacturers referred to above was about 25000 and that the watches so imported bore different marks such as "Lucky Star", "Royce", "Lily", "Navado", "Tourise", etc."

30. Mr. Bhabha argued that obtaining information from counsel across the Bar as to important facts in this manner was unfair to the applicant. He argued that it would be unfair in diverse ways. He contended that information orally conveyed immediately in answer to unexpected questions may not be accurate as the person giving information would not have the necessary documents then available to him and may not have time to check them. He further contended that obtaining information across the Bar would deprive further evidence being led to bring on record other additional facts which may be necessary to supplement or explain the information so obtained. It is not necessary for us to deal with this argument in great detail. If the learned Judge had felt that some more material was required to be brought on the record, he could in law either send the matter back to the Registrar for recording further evidence, or he could possibly have recorded further evidence himself. To shorten the proceedings, however, he could have asked the necessary questions to counsel. Counsel were no under any obligation to answer those questions, and they could certainly have pointed out to the learned Judge that the reason for his not answering the questions was that the material was no available at short notice. The very fact that all the material mentioned in the above passage was in fact stated show that it was possible for the Counsel to obtain the necessary instructions and for those giving instructions to gather information and give the necessary instructions. If inability to give replies had been stated in Court, it is possible that the learned Judge, if he thought fit, might have taken other steps to obtain the necessary material. The grievance against having obtained information across the Bar in this way has also been made in ground No. 9 in the memo of appeal. We do not think the grievance is justified. Counsel could have stated that he was not in a position to give the correct information. He, however, chose to give it. It is as to facts, in the sense that it is not as to law. Information so collected amounts to an admission in so far as it goes against the interest of the applicant. It must, therefore, legitimately form part of the record of this case in so far as it contains statements as to facts. It cannot go unnoticed that the objection is to the method, but not to the accuracy either of what was furnished to counsel by way of instructions or even as to what the counsel stated to the Court. If the information or its recording as contained in the Judgment had happened to be in any way inaccurate, one would have found

at least a statement in the grounds of appeal or even across the Bar in the arguments before us to that effect. There is no such statement. Mr. Bhabha did argue that the watches with the "Caltex" mark imported by the applicant into India were more than 200 as mentioned in the above passage from the judgment. That was, however, an argument based on the documents already on the record. It was not stated as on a basis that books of account or other documents of the applicant had been checked up, and that it revealed that the true position was in any way different.

31. We will now to consider whether the applicant is the proprietor of the mark "Caltex" in respect of "Horological & other chronometric instruments". Mr. Bhabha urged that this point was not taken in the Registry, and that point also finds a place in the ground No. 2 contained in the memo of appeal. Mr. Rege, however, stated that the point did arise on the affidavits filed before the Deputy Registrar and was in fact urged before the Deputy Registrar. Law requires that in the application for registration, the applicant must state how he claims proprietorship. In compliance with the statutory requirements, the applicant did state in his application that he claimed to be the proprietor by reason of user for one and a half years. That statement was, as noticed earlier, put in issue by the opponents in the very first document filed before the Deputy Registrar, namely, the grounds in support of the Notice of opposition dated 11th September, 1958. The point has also been again taken in the other affidavits of Mayne and Bery. As a matter of fact, Bery in his affidavit dated 30th July 1959 in so many words denies that the applicant was the proprietor of the trade mark "Caltex" in respect of watches or any other goods, whether as alleged by the applicant or otherwise whomsoever. This point has also been adjudicated upon by the Deputy Registrar. It must, therefore, be held that the point had been properly put in issue by the opponents, that the applicant had notice of it, that the Deputy Registrar dealt with it, and that it, therefore, properly arose before the learned Judge for his decision.

32. A proprietary right in a mark can be obtained in a number of ways. The mark can be originated by a person, or it can be subsequently acquired by him from somebody else. Our Trade Marks law is based on the English Trade Marks law and the English Acts. The first Trade Marks Act in England was passed in 1875. Even prior thereto, it was firmly established in England that a trader acquired a right of property in a distinctive mark merely by using it upon or in connection with goods irrespective of the length of such user and the extent of his trade, and that he was entitled to protect such right of property by appropriate proceedings by way of injunction in a Court of law. Then came the English Trade Marks Act of 1875, which was substituted later by later Acts. The English Acts enabled registration of a new mark not till then used with the like consequences which a distinctive mark had prior to the passing of the Acts. The effect of the relevant provision of the English Acts was that registration of a trade mark would be deemed to be equivalent to public user of such mark. Prior to the Acts, one could become a proprietor of a trade mark only by user, but after the passing of the Act of 1875, one could become a proprietor either by user or by registering the mark even prior to its user. He could do the latter after complying with the other requirements of the Act, including the filing of a declaration of his intention to use such mark. See observations of Llyod Jacob J. in 1956 RPC 1 in the *matter of Vitamins Ltd's Application for Trade Mark* at p.12, and particularly the following:

"A proprietary right in a mark sought to be registered can be obtained in a number of ways. The mark can be originated by a person or can be acquired, but in all cases it is necessary that the person putting forward the application should be in possession of some proprietary right which, if questioned, can be substantiated".

Law in India under our present Act is similar.

33. One of the modes of acquisition of proprietorship may be if an Indian businessman happens to import and sell in India foreign goods of a foreign trader with the latter's foreign trade mark. If the Indian trader sells those goods in India, a question may arise who is entitled to that trade mark. It is quite clear that the trade mark being a foreign trade mark, the proprietorship as to India will be determined according to its use in the market of this country. See *Impex Electrical Ltd. v. Weinbaum* (1927) 44 RPC 405. Now, if there is a specific agreement as to proprietorship of that mark, that agreement will govern as between the foreign owner and the Indian Importer. If, however, there is no specific agreement, diverse factors will govern the determination as to which of the two is the proprietor in India. That determination must depend on the facts of each case. If, for example, the Indian Importer has acted merely as an agent of the foreign owner, the probabilities would be that the trade mark continues to belong to the foreign owner and not to the Indian Importer. If, however, the transaction between the foreign owner and the Indian Importer has been on the basis of principal to principal, the position may be a little more complicated. There again, one of the more important considerations would be to whom was credit given that is, whether the purchasing public paid regard to the reputation of the foreign manufacturer or to the Indian Importer. In some cases, it may happen that the foreign manufacturer is so well known that which importer imported the goods and sold them in India would be immaterial. It would happen, for example in the case of goods so well known as, for example "Bovril" or "Pears Soap". The converse may happen when a firm of great repute in India imports and sells goods, and the purchasing public attaches value to the reputation of the Indian Importer who selects to import the goods and not to the reputation of the manufacturer of the goods.

34. Now, it is common ground that the point as to proprietorship is to be decided as on 14th August 1958, being the date of the application. The applicant contends that he imported watches in his own right under contracts with Degoumois and Co. as between principal and principal. He thereafter sold those watches in India and thereby used the trade mark "Caltex" in India in his own right, and by reason of such user he acquired the proprietorship. The present dispute as to the ownership of the trade mark is not a dispute between the foreign manufacturer and owner of the trade mark viz. Degoumois and Co. on the one hand, and the applicant, an Indian Importer, on the other. In this case there is no competition as to ownership between the two of them. In any event, in view of the said declaration of Degoumois, it is clear that Degoumois does not and cannot claim any ownership in himself in that trade mark in respect of watches in India. If the applicant, therefore, establishes his user in India, he can be said to be the proprietor of the trade mark in India in respect of the goods which he claims.

35. The evidence, however, in this respect is not very satisfactory. The shortcomings in the different pieces of evidence have been noticed earlier when we referred to each of them. There is no satisfactory evidence that any watches were in fact imported into India by the applicant under any of the said three orders. The evidence however, can lead to an inference that very

probably some watches were in fact imported. Even on that assumption there could be only 100 watches under the 1st Order and only 300 watches under the second Order under the mark "Caltex". The statement made across the Bar before Mr. Justice Shah mentions the number of watches imported under the mark "Caltex" at 200. It is not necessary to discuss and adjudicate upon this discrepancy, because the figures of 100 and 300 are only in respect of the orders and the invoices, but not in respect of the actual imports, and possibly the actual imports might have been less than the aggregate of the said two numbers of 100 and 300. But whether the actual number be 200 or 400 or somewhere in between or even a small quantity more than 400, that cannot make the number very large. What we have to examine is the actual user in India of the mark by the applicant. In this connection, the evidence of the said five sale memos shows that the applicant sold 215 watches in India with the mark "Caltex". As contended by Mr. Rege, there is of course no direct evidence that a single watch out of the said 215 watches was actually sold and delivered. But these five sale-memos do in any event make it highly probable that the majority of them must have been sold and delivered. If the opponents wanted to contend to the contrary, they had an opportunity to cross-examine the applicant. They did not avail themselves of that opportunity. It is not disputed that the burden of establishing proprietorship lies on the applicant, and that it is for the applicant to satisfy the Court as to his user. But nonetheless, in this particular respect, we feel that on this evidence, the applicant has established that he did sell in India at about the dates of those five sale-memos a substantial quantity out of these 215 watches.

36. The Deputy Registrar found that the mark "Caltex" applied for by the applicant was an Importer's mark and that he was the owner thereof by selection in so far as this country was concerned. Justice Shah has stated in his Judgment that he was not inclined to agree with that finding of the Deputy Registrar. It is necessary to bear in mind certain principles concerning the point involved. Mr. Justice Shah, in his judgment in another case, being *Consolidated Foods Corporation v. Brandon & Co. Pvt. Ltd.*, has held as follows:

"(I)n case of a distinctive mark within the meaning of the Act, right to the exclusive use thereof can be acquired immediately on that mark being used as a trade mark i.e. used by the trader in his business upon or in connection with his goods and it is not necessary to prove either the length of the user or the extent of the trade. It may be noted that the word 'Monarch' in this case, as conceded by the counsel at the Bar, is a distinctive mark and, therefore, it follows that if it is shown that this mark was used by the petitioner corporation as a trade mark in this country upon or in connection with its food products even for once prior to the use of that mark by the respondent company in 1951, and if there is no evidence to show that this mark was abandoned by it, it would be entitled under S. 18 of the Act to apply for registration of that mark as its trade mark and also to oppose an application made by any other trader for the purpose of registering that mark in his name."

He has further held that if it is shown that the distinctive mark was used by a trader as a trade mark upon or in connection with his products even for once prior to the use of that mark by another trader, and if there is no evidence to show that this mark was abandoned by him, he would be entitled under Section 18 of the Act to apply for registration of that mark as his trade mark. The learned Judge reached those conclusions on the basis of four English judgments

considered and analyzed by the learned Judge in his judgment. As stated by the learned Judge, therefore, in the case of a foreign mark, a person first to introduce and use it in India would become entitled to claim it in India as proprietor thereof. The Judgment in (1927) 44 RPC 405 shows that - if the foreign owner of a mark sells goods in this country, he may become the owner of that mark. It further shows:

"For the purpose of seeing whether the mark is distinctive, it is to the market of this country alone that one has to have regard. For that purpose foreign markets are wholly irrelevant, unless it be shown by evidence that in fact goods have been sold in this country with a foreign mark on them, and that the mark so used has thereby become identified with the manufacturer of the goods. If a manufacturer having a mark abroad has made goods and imported them into this country with the foreign mark on them, the foreign mark may acquire in this country this characteristic, that it is distinctive of the goods of the manufacturer abroad. If that be shown, it is not afterwards open to somebody else to register in this country that mark, either as an importer of the goods of the manufacturer or for any other purpose. The reason of that is not that the mark is a foreign mark registered in a foreign country, but that it is something which has been used in the market of this country in such a way as to be identified with a manufacturer who manufactures in a foreign country."

To the same effect is the decision of the Comptroller-General reported in 39 RPC 171. In the *matter Isola Ltd.*, which also was relied upon by Mr. Rege. Mr. Bhabha cited in this connection 68 RPC 1 78, In the *matter of Gaines Animal Food Ltd.'s application*. In our opinion, the decision in that case is in no way useful to us and therefore, we do not refer to the same.

37. Another case relied upon in this connection was *Ebrahim Currim v. Essa Abba Sait*, [(1901) ILR 24 Mad 163]. In that case, the plaintiff had for many years imported into Bombay and Madras umbrellas bearing the "Stag" mark from a Glasgow Firm, where it was held "that the prior use in Scotland of the mark did not justify the Scotch firm and the defendant in claiming that the plaintiff's user of the trade mark was illegal or otherwise than an exclusive user."

38. A person may become a proprietor of a trade mark in diverse ways. The particular mode of acquisition of proprietorship relied upon by the applicant in this case is of his user for the first time in India in connection with watches and allied goods mentioned by him of the mark "Caltex", which at the material time was a foreign mark belonging to Degoumois & Co. of Switzerland and used by them in respect of watches in Switzerland. Before the Deputy Registrar and before Mr. Justice Shah, proprietorship was claimed on the basis that the applicant was entitled to it as an importer's mark. Several authorities were cited and were considered and principles deduced and relied upon in that behalf. In our opinion, it is not necessary in this case to go into details about facts in the various decided cases dealing with importer's marks. In many of those cases, the dispute was between a foreign trader using a foreign mark in a foreign country on goods which were subsequently imported by Indian importers and sold by them in this country under that very mark. In short it was a competition between a foreign trader and the Indian importer for the proprietorship of that mark in this country. We have already reached a conclusion that so far as this country is concerned, Degoumois & Co. have totally disclaimed

any interest in the proprietorship of that mark for watches etc. In India, the mark "Caltex" was a totally new mark for watches and allied goods. The applicant was the originator of that mark so far as that class of goods is concerned, and so far as this country is concerned. He in fact used it in respect of watches. There is no evidence that that mark was used by anyone else in this country before the applicant, in connection with that class of goods. Unquestionably, the applicant's user was not large, but that fact makes no difference, because so far as this country is concerned, the mark was a new mark in respect of the class of goods in respect of which the applicant used it. We therefore, hold that the applicant is the proprietor of that mark.

39. The next point for decision is whether the use of the mark was likely to deceive or cause confusion. It involves the decision whether there was any tangible danger of deception or confusion being caused by the use of that mark. Under the provisions of S. 11, Clause (a) of the Act, a mark is disentitled to be registered if the use of it is likely to deceive or cause confusion. It may be stated that S. 12 does not fall for consideration in this case in this respect, because the mark is identical and, therefore, no question of it's being deceptively similar to the mark of the opponents arises.

40. The Deputy Registrar held that though the marks were identical, as the competing goods were entirely different in character, and as there was not only no connection in the course of trade between the competing goods, but also the fact that the competing goods were never sold at the same shop much less at the same counter, and as the trade channels through which the respective goods passed were entirely different, and as the reputation that the opponents' marks had acquired was only in respect of the goods for which their marks were in fact used, there was no tangible danger of any deception or confusion arising. The learned Judge held in the appeal against the order of the Deputy Registrar that this decision of the Deputy Registrar was quite right in law, and that there was no question of any confusion arising in the mind of the public. It is now well settled that whether there is a likelihood of deception or confusion arising is a matter for decision by the Court, and that no witness is entitled to say whether the mark is likely to deceive or to cause confusion. For example see *Parker-Knoll Ltd. v. Knoll International Ltd.* [1962 RPC 265, 273, 274 (HL)]. It is therefore clear that evidence by a witness that it is likely that purchasers of the goods will be deceived is inadmissible, but the evidence which would be admissible would be of a witness who is accustomed to buy in question, and he can say that he himself would be deceived.

41. In this case the two marks are identical. Therefore, there is no question of any confusion arising because of any "similarity" between the rival marks. It is the finding of the Deputy Registrar and also of the learned Judge that there is no connection between the two marks in the course of trade or by reason of there being any common trade channels. That finding has not been challenged before us. The only ground urged by Mr. Rege in support of the contention that there was likelihood of deception and confusion, was that there is a danger that the goods of the applicant would be taken by purchasers as being the goods of the opponents, that is, as indicating that the goods had some connection with the opponents. Mr. Rege invited our attention to certain leading cases on this point.

42. Mr. Rege relied upon the case reported in. In the *matter of Dunn's Trade Mark*, [(1890) 7 RPC 311]. In that case, one Dunn applied to register a label for baking powder containing conspicuously the words "Fruit-Salt Baking Powder". The application was opposed by one Eno

on the ground that he had registered the words 'Fruit-Salt' as a trade mark for certain preparations, and had used those words to denote his preparation. The case reported is a decision of the House of Lords. We need not set out the various pieces of evidence relied upon in that case. Lord Watson held that Dunn's use of the words "Fruit-Salt" would have the effect of deceiving the people as there would be a suspicious connection between the two articles in the minds of many persons.

43. Another case relied upon by Mr. Rege is that of Edward Hack for the registration of a Trade Mark (1942) 58 R. P. C. 91. In that case, an application was made for registration of the words "Black Magic" in respect of laxatives. The application was opposed by the proprietors of the mark "Black Magic", which was registered for being used in respect of 'Chocolate and chocolates'. The judgment shows that it could be held that there is a tangible danger of confusion, if it could be found that there is a risk of confusion in that some persons would be likely to think that the two "Black Magic" preparations were made by the same manufacturers, and others to wonder if this might be the case.

44. Another case relied upon by Mr. Rege was *Eastman Photographic Materials Co. Ltd. v. The John Griffiths Cycle Corporation Ltd. and Kodak Cycle Co. Ltd.* [(1898) 15 R. P. C. 105]. In that case, the Eastman Company were manufacturing Kodak cameras, and also started manufacturing certain cameras specially adapted for being used on bicycles, which were known as "Bicycle Kodaks". The Eastman Company had invented the mark "Kodak" and were using it in respect of their goods. Another company, John Griffiths Cycle Corporation Ltd., applied for registration of the word "Kodak" for cycles. They thereafter got registered a new company called "Kodak" Cycle Company Ltd." That company along with John Griffiths Cycle Corporation started advertising "Kodak cycles". The Eastman Company commenced an action against them for preventing the use by them of the mark "Kodak". Evidence was led in that case which showed a close connection between the bicycles and the photographic trades. It was held in that case that no intelligible reason had been suggested why the defendants took the term "Kodak" to be applied to their cycles, or registered that word as a Trade Mark, or used it as the title of the company, except for the purpose of connecting themselves in some way with the plaintiff company and its business, and that was their real and sole object. It was further held that the defendants' action in adopting the mark 'Kodak' and giving the name to the new Corporation was really to try and get a monopoly of the word "Kodak" as connected with cycles, and that they wanted to use the word "Kodak" and acquire a monopoly of it, as applied to cycles, in the hope and intention of, in some shape or other, identifying their company with the plaintiff company whose "Kodaks" were so well known in the market to cause the public to suppose either that the defendant company was connected with the plaintiff company or to lead the public to suppose that the goods which the defendant company was going to sell were the goods of the plaintiff company, and so to obtain the benefit of the large reputation of the plaintiff company. On those considerations, it was held that there was danger of confusion and that no registration of the defendants' mark ought to have been made.

45. The next case relied upon was that reported in 62 R. P. C. 111, In the *matter of an application by Ferodo. Ltd.* It was an application for defensive registration of the mark "Ferodo" in connection with Pharmaceutical articles and tobacco and certain smokers' requisites. The mark was registered in several clauses but it was principally used for brake

linings and clutches. The Judgment in that case is useful as it shows that in judging whether there is a tangible danger of deception or confusion resulting, a test would be whether the person seeing the mark attached to the new class of goods would assume that they originated from the proprietor of the mark or a registered user it further shows that in assessing whether there is a tangible danger of deception or confusion, the nature of the goods is an important factor, for more special in character those goods are and, the more limited their market, the less likely will be the inference that there is such a tangible danger.

46. Mr. Rege also relied upon the judgment in the case of *Walter v. Ashton* [(1902) 2 Ch. D.] 282. In our opinion, the principles governing this aspect of the case are well established, and it is not necessary to refer to any further authorities in support of those principles.

47. Mr. Bhaba took us through the judgments in the said three cases reported in [(1890) 7 R. P. C. 311]; [(1942) 58 R. P. C. 91] and [(1898) 15 R. P. C. 105]. He also invited our attention in detail to the facts in those cases, and the points of similarity and distinction between those cases and our case, and how, in the light of the comparisons and distinctions made by him, those principles should be applied to this case. He pointed out that in all those cases, there was a trade connection between the competing goods. He argued that, therefore, the principle of trading on another's reputation as a factor likely to cause deception or confusion would apply only when the user of both the marks was confined to the same or similar classes of goods. He argued that the principle of causing confusion would not be applicable when it was alleged that advantage was sought to be taken of the reputation of the opponents generally, and not in respect of the reputation in respect of the actual user in connection with a particular class of goods. In our opinion, it is not necessary to go in detail into the aspect of comparisons and distinctions as pointed out by Mr Bhabha. One must never forget that what Section 11(a) requires to be decided is whether the mark sought to be registered is likely to deceive or cause confusion. That likelihood must vary on the facts of each case. Human conduct is varied and complex. The importance of a particular fact or facts may vary in the perspective of the totality of the facts of each case. The importance of a particular fact may increase or diminish when considered in combination with different sets of facts. What has to be decided in a case is whether on the totality of the facts of that case, it is likely that there would be deception or confusion. It would, therefore, be totally misleading to rely only on some individual fact or facts from a decided case and put emphasis on them without taking into account other facts in combination with which that particular fact was looked upon as yielding any principle. All factors which are likely to create or allay deception or confusion must be considered in combination. Broadly speaking, factors creating confusion would be, for example the nature of the mark itself, the class of customers, the extent of the reputation, the trade channels, the existence of any connection in the course of trade, and several others. Of course, it need not be stated that it would not be that all such factors would exist in each and every case.

48. Now, before proceeding to consider the facts of this case, it is necessary to bear in mind that in proceedings for application of registration, the onus of proving that the mark is not calculated to deceive or cause confusion lies on the applicant. That proposition is well established. For example, see the judgment of Lord Watson in the above case in (1890) 7 RPC 311 and also the judgment in *Edward Hack's* case [(1942) 58 RPC 91].

49. In this case, the goods are totally different. There is no trade connection between them.

There is no connection in the course of trade nor any common trade channels. There are factors against holding that there would be any danger of deception or confusion. But we must consider the factors which tend to show that there is a likelihood of creating deception or confusion. The opponents have been using their mark on a very large scale since 1937. Their sales in 1956 exceeded Rs. 30 crores. Their publicity is wide spread and large. In 1956 they spent over a million rupees on advertisements. The goods in respect of which they use the trade mark "Caltex" are mainly petroleum, kerosene and lubricants like greases and oils etc. The goods in respect of which the applicant seeks registration are mainly watches. The class of goods in respect of which the applicant seeks registration is wider than watches and watches can be both costly and cheap. It cannot go without notice that the goods in respect of which the applicant in fact used the mark before he applied for registration were very cheap watches. The goods of the opponents are used by persons all over India, in cities and in villages, in different walks of life, rich or poor, literate or illiterate. The goods of the applicant are different in nature. But they are watches. They can be cheap watches. The potential market for them is, therefore, similar to that of the existing market of the opponents, in the sense that the goods of both the parties are not special goods. They are goods which would be purchased by the common man. Now, so far as the word "Caltex" is concerned, it is common to the opponent's mark as also to the opponents' name. To mention the mark "Caltex" is also to mention the name of the owner. The mark is unlike the Lion or the "Stag" mark where there would be no direct connection between the mark and the name of its owner. The opponents are a large company known by many as having large resources, and therefore, capable of starting any new industry or trade. Because of that reason, there is a greater probability of the public believing that any goods with the mark "Caltex" on them would be the goods of the opponents. This is, in our opinion, sufficiently established by the 36 affidavits referred to above. The deponents of these 36 affidavits are from different parts of India, and from different vocations. In this connection, it may be stated that one of the deponents, Pujara, in his cross-examination, has stated that he would not be confused if he found the mark "Caltex" on other, goods, like potato chips, hats, umbrellas, etc. Such evidence on this particular point is not of much assistance. A witness who says so may be more particular or may have a sub-conscious back-ground, whereby he makes the necessary distinction between the mark as used on different kinds of goods. Although such evidence would be weak, even such weak evidence has not been produced by the applicant. There is no affidavit on behalf of the applicant of any witness who says that he would not be so deceived or conf used. But, there is the evidence of Rajpal, who even in his cross-examination has stated that he would take all goods bearing the mark "Caltex" to have been manufactured by the opponents. The evidence of the other deponents as contained in their affidavits is similar. There is an additional factor to be taken into consideration. The applicant has given no explanation why he selected the word "Caltex". Mr. Bhabha contended that although the applicant has not specifically stated the reason for his selection, it can be inferred from the other statements of the applicant on the record. He pointed out that the applicant has stated that in about April 1955 he had gone to Switzerland that he saw the mark applied by Degoumois & Co. on their watches; and that their watches had good sales. He says that these facts by themselves provide the reason for his making the selection. But, unfortunately for the applicant, it is also his evidence that Degoumois & Co, had other marks in respect of their watches. As a matter of fact, on the first order which the applicant placed with Degoumois &

Co., which is dated 6th April 1955, the mark originally selected by him in respect of the categories of watches covered thereby was "Sandy", which also was a mark of Degoumois & Co. He got the mark "Sandy" changed to "Caltex" only subsequently. Why he made the change has not been explained. It would be legitimate to infer that he selected the mark "Caltex" to take advantage of the reputation of that mark as used by the opponents in connection with their goods. The applicant's selection of the mark was made, to use the words of Lord Denning in 1962 RPC 265 (HL), with intention to deceive and cause confusion, and he must, therefore, be given credit for success in his intention, and we should not hesitate to hold that the use of that mark is likely to deceive or cause confusion. In this connection, the following passage from the judgment in *Edward Hack* case, [(1942) 58 RPC 91], occurring at p. 106 is relevant:

"I think that a large number of persons if they heard of a laxative called 'Black Magic' or saw advertisements of a laxative called 'Black Magic' would be likely to think that that laxative was made by the same firm who made the "Black Magic" chocolates".

On the facts of this case, we have no hesitation in holding that a large number of persons, if they see or hear about the mark "Caltex" in connection with watches, would be led to think that the watches were in some way connected with the opponents, or they would at least wonder whether they were in any way connected with the opponents. Persons seeing the mark attached to watches, which is a new class of goods, would assume, or are most likely to assume, that they originated from the proprietor of the mark, namely, the opponents.

50. We are, therefore, of the opinion that if the application for registration is granted and the mark is used in connection with the goods in respect of which the application is made, it is likely to cause deception and confusion.

51. Mr. Rege urged that the applicant acted dishonestly in selecting the mark "Caltex", with the intention of trading on the wide reputation which that mark enjoys in India, that the applicant's case is not founded on truth, and that, because of these two reasons, the applicant should be held disentitled to registration under the discretionary provisions contained in clause (e) of Section 11 of the Act. Under that provision there is prohibition against registering a mark "which would otherwise be disentitled to protection in a Court." The provision contained in cls. (a) to (d) of that section shows that the factor which is to be taken into account for not registering a mark is a factor connected with the mark itself, in contradistinction, for example, to a factor concerning the person applying for registration or the facts or circumstances under which or the intention with which he applies for registration. The provision contained in clause (e) is discretionary. It is to be considered in cases when an application is made for registration. Such application has to be made under S. 18 Subsection (4) of Section 18 also contains a provision for the exercise of discretion in accepting or refusing to register, because it provides: "the Registrar may refuse the application or may accept it absolutely or subject to such amendments, modifications, conditions or limitations, if any, as he may think fit." Both these provisions confer a discretion in accepting or refusing registration. It would be unreasonable to ascribe to the Legislature an intention to provide for such a discretion at two places in the same enactment, and that too without making any distinction as to the circumstances under which it can be exercised, or the objects for which it should be exercised. It leads to the conclusion that the

Legislature intended to make a provision for the exercise of discretion but in different set of circumstances under clause (e) of Section 11 and under sub-section (4) of Section 18. In this connection, Mr. Bhabha invited our attention to the following statement in Kerly on Trade Marks, 8th Edition at page 167:

"This section is directed to some positive objection to registration and not to mere lack of qualification. It contemplates some illegality inherent in the mark itself."

The statement is made in Kerly in relation to Section 11 of the English Act, which is, for this purpose, in *pari materia* with clause (e) of Section 11 of our Act. One of the cases relied upon by Kerly in support of that statement is that of *Hassan El-Madi's application for trade mark* [71 RPC 281]. In construing the provision of the English Act, Lloyd Jacob J. observed in that case at p.295:

"In my judgment, the reference in Section 11 to disentitlement to protection in a Court of Justice is to be related to something inherent in the mark applied for. That to me would follow from the fact that the phrase is qualified by "by reason of its being likely to deceive or cause confusion or otherwise", and the fact that it introduces as proper for consideration any matter arising out of the form and nature of the mark applied for which could properly be objected to as unsuitable for inclusion in the Register." In our opinion, the prohibition contained in clause (e) of Section 11 must, therefore, be restricted to some illegality inherent in the mark itself and not *de hors* the mark itself. Mr. Rege's contention cannot be considered under the provisions of Section 11(e).

The question then arises whether the above two causes for disentitlement urged by Mr. Rege can prevent registration under Section 18(4). There is no absolute right to registration, and the Registrar has discretion to refuse registration. That is the well-settled position in law, and neither side has naturally urged any contention to the contrary. Mr. Rege's allegation that the applicant was actuated by dishonesty in selecting the mark concerns his motive. The other allegation of Mr. Rege that the applicant's case was not founded in truth ascribes to the applicant dishonest conduct. Mr. Bhabha, however, contended that there is no such plea at all taken by the opponents before the Registrar, nor have any particulars in that behalf been given. This complaint is not justified. There is such a plea taken by the opponents. It is to be found in the very first document which they filed before the Registrar, namely, the Notice of opposition. It is stated in Para 5 of the grounds of opposition. In the language in which it is taken, however, dishonesty as such has not been specifically stated. But what has been stated is that the Registrar should in the exercise of his discretion refuse to grant the application for registering the mark. But after the notice of opposition was filed, the opponents filed the affidavit of Bery dated 8th December 1959. In Para 15 of that affidavit, it is stated that any one in India using the trade mark "Caltex" as a trade mark on goods not of the manufacture of Caltex (India) Ltd would be using it merely for the purpose of deceiving the public into supposing that they are manufactured by Caltex (India) Ltd. This is a clear allegation of dishonesty, and the plea was taken before the Deputy Registrar before the proceedings before him concluded. In any event, that plea was argued before the Deputy Registrar, and the Deputy Registrar has recorded a finding on that plea. It was also argued before Mr. Justice Shah, and he also has recorded his finding on that Plea. The applicant did not, at any stage, register any protest, and it is, therefore,

not open to him now to resist this argument on the ground that it was not pleaded at all. But there is another ground to hold against this particular contention of the applicant. What Mr. Rege has urged is that the Registrar ought to have exercised his discretion against registering the application of the applicant. The discretion has been vested in the Registrar under Section 18(4), for protection of the interests of the general public. In this connection the judgment in *Midland Counties Dairy Ltd. v. Midland Dairies Ltd.* (1943) 65 RPC 435, may be referred to. In that case, no fraud was alleged, and as a matter of fact the chief witness for the plaintiff disclaimed any allegation of fraud. It was argued that in these circumstances the Court should exclude all considerations of fraud from its mind. It was held. "In my opinion the Court is not bound by the form of the pleadings, or by disclaimer on the plaintiff's behalf, to shut its eyes to a case of fraud if convinced that one exists." It is clear that the discretion has been vested under Section 18(4) so that the tribunal can satisfy its conscience and satisfy itself that that registration of the mark would not operate as a fraud on the general public. In our opinion, therefore, it is open to Mr. Rege to urge this contention. Even if he did not urge it, it is our duty to see that what has been alleged by Mr. Rege against the applicant does not exist in the way of the application being registered.

53 and 54. (After discussing evidence His Lordship Proceeded:)

55. In our opinion, due to both the above reasons the discretion under Section 18(4) should have been exercised against registering the applicant's application. The Deputy Registrar as, however, exercised the discretion in favour of registration Mr. Justice Shah held against exercising that discretion in favour of registering the application. He thereby interfered with the exercise of the discretion by the Deputy Registrar and actually exercised it conversely. The question arises whether in the circumstances of this case there was reason to interfere with the exercise of his discretion by the Deputy Registrar. This discretion is a judicial discretion, and the Deputy Registrar's exercise thereof should be overruled only if he has applied wrong principles of law or has not appreciated the facts before him.

56. These principles can be gathered from in the *matter of William Bailey Birmingham Ltd.* [52 RPC 136] and in the *matter of J & P. Coats Ltd.* [53 RPC 355]. Now, in this case, the material portion of the decision of the Deputy Registrar is as follows:

"The opponents have very vehemently argued that he application should be refused by the Tribunal in the exercise of its discretion. No doubt Section 18 of the Trade and Merchandise Marks Act, 1958 confers upon the Registrar a discretion to refuse or accept an application but then such discretion has to be reasonably and not capriciously exercised and must be based upon judicial and legal principles. Having regard to the findings of fact arrived at by me in this case, namely, that the competing goods are entirely different in character and that the respective trade channels are entirely different and that despite the reputation acquired by the opponents' mark the applicant's mark will not reasonably be likely to deceive or cause confusion. I fail to see on what legal or judicial basis can I justifiably exercise the discretion adversely to the applicant. Moreover, in view of my aforesaid findings, any exercise of discretion adversely to the applicant in the present case would in effect amount to giving a monopoly to the opponents in goods whatsoever and that, would be throwing to the winds and doing violence to the basic principle of the Law if Trade Mark which permits the use and

registration of the same mark by two different persons in respect of goods entirely different in character."

It is clear that the Deputy Registrar has taken into account two factors for deciding that he could not exercise his discretion against the applicant.

57. Taking the second factor first, he felt that his exercise of discretion adversely to the applicant would in effect, amount to giving a monopoly to the opponents in the word "Caltex" irrespective of any good whatsoever. The use of the words "in the present case" suggests that he was limiting his statement that "any exercise of discretion adversely to the applicant would in effect amount to giving a monopoly to the opponents" to this particular case only, and that he was not stating it by way of a general proposition applicable to all cases. Therefore, this statement must be considered in that restricted sense. In our opinion, read in that restricted sense it is difficult to understand its meaning. How could the exercise of the discretion against the applicant result in the creation of a monopoly in the opponents in the word "Caltex" in respect of every conceivable kind of goods? The exercise of his discretion against registration would disentitle only the applicant to use the mark "Caltex." But that would not be creation of a monopoly in the opponents. A monopoly means a sole right being vested in the applicant to use mark to the exclusion of all other persons. By the mere fact of exercising discretion in that way none other than the applicant would be disentitled to use the mark in respect of goods falling in the classes other than those for which the opponents have registered their mark. It is quiet clear that even if the discretion was exercised against the applicant, it could not have conferred any monopoly on the opponents as apprehended by the Deputy Registrar, or prevented any other person in a fit case from using the word "Caltex" as his trade mark in respect of other goods as permitted under the trade mark law. Thinking in terms of monopoly in this context was basically wrong. When considering the question of exercise of his discretion the Deputy Registrar has taken into account a principle which had no application to the facts of this case.

58. Turning now to the first reason, the Deputy Registrar felt that there was no legal or judicial basis for exercising the discretion adversely to the applicant because of the findings of the fact which he has arrived at. No finding of fact arrived at by him, either individually or cumulatively with the other findings of facts, would make the exercise of his discretion against the applicant otherwise than on a legal or judicial basis. The findings of fact arrived at by him in connection with the proprietorship of the applicant and a question whether there was a tangible danger of deception or confusion arising were arrived at by him for those purposes only. He had to reconsider those findings of fact, to the extent that they were relevant for the purpose of exercising discretion in conjunction with various other facts which were relevant for that purpose and which we have already pointed out when considering the two grounds urged by Mr. Rege in support of exercising the discretion against registering the applications. He has, therefore, failed to appreciate, that is, to take into consideration, all the relevant facts. A Court is therefore, entitled to interfere with such an exercise of discretion. The approach would have had to be different if the Deputy Registrar had considered the other questions of fact, weighed them and come to a conclusion that he ought to exercise the discretion against the applicant. In the latter event a Court could have interfered not merely because the Court would, on its own have taken a different view, but only if there was something fundamentally

wrong in his appreciation of the facts concerned. What the Deputy Registrar felt was that in view of his findings of fact, he was debarred from considering the other relevant facts either by themselves or even in combination with the facts as found by him, for the purpose of deciding how to exercise his discretion. This is not a case of merely a wrong appreciation of the facts before him by the Deputy Registrar. It is much stronger. In these circumstances, therefore, we are of the opinion that the learned Judge was justified in interfering with the exercise of his discretion by the Deputy Registrar.

59. The appeal, therefore, fails and is dismissed with costs.

* * * * *

K.R. Chinna Krishna Chettiar v. Sri Ambal & Co.

AIR 1970 SC 146

R.S. BACHAWAT, J. – The appellant is the sole proprietor of a trading concern known as Radha and Co. The respondents Ambal and Co. are a partnership firm. The respondents as also the appellant are manufacturers and dealers in snuff carrying on business at Madras and having business activities inside and outside the State of Madras. On March 10, 1958 the appellant filed application No. 183961 for registration of a trade mark in class 34 in respect of “snuff manufactured in Madras.” The respondent filed a notice of opposition. The main ground of opposition was that the proposed mark was deceptively similar to their registered trade marks. The respondents were the proprietors of the registered marks Nos. 126808 and 146291. Trade mark No. 126808 consists of a label containing a device of a goddess Sri Ambal seated on a globe floating on water enclosed in a circular frame with the legend “Sri Ambal parimala snuff” at the top of the label, and the name and address “Sri Ambal and Co., Madras” at the bottom. Trade mark No. 146291 consists of the expression “Sri Ambal.” The mark of which the appellant seeks registration consists of a label containing three panels. The first and the third panel contain in Tamil, Devanagri, Telugu and Kannada the equivalents of the words “Sri Andal Madras Snuff.” The centre panel consists the picture of goddess “Sri Andal and the legend “Sri Andal.”

2. Sri Andal and Sri Ambal are separate divinities. Sri Andal was a vaishnavite woman saint of Srivilliputtur village and was deified because of her union with Lord Ranganatha. Sri Ambal is the consort of Siva or Maheshwara.

3. The respondents have been in the snuff business for several decades and have used the word Ambal as part of their mark for more than half a century. The question in issue is whether the proposed mark is deceptively similar to the respondents’ marks. “Mark” as defined in Section 2(j) of the Trade and Merchandise Marks Act, 1958, includes “a device, brand, heading, label, ticket, name, signature, word, letter or numerical or any combination thereof.” Section 12(1) provides that “save as provided in sub-section (3), no trade mark shall be registered in respect of any goods or description of goods which is identical with or deceptively similar to a trade mark which is already registered in the name of a different proprietor in respect of the same goods or description of goods.” The Registrar of Trade Marks observed:

In a composite mark the distinctive words, appearing on it play an important part. Words always talk more than devices, because it is generally by the word part of a composite mark that orders will be given. Apart from that, the opponents have a registered mark consisting of the expression Sri Ambal. I have, therefore, to determine whether the expression of Sri Andal is deceptively similar to Sri Ambal.

4. He held, “the sound of ‘Ambal’ does not so nearly resemble the sound of ‘Andal,’ in spite of certain letters being common to both the marks, as to be likely to cause confusion or deception among a substantial number of persons.”

5. The respondents filed an appeal in the Madras High Court. Jagadishan J., observed:

It is settled law that a trade mark comprehends not merely the picture, design or symbol but also its descriptive name. A copy of the colourable imitation of the name would constitute an infringement of the mark containing the name. Nobody can abstract the name or use a phonetical equivalent of it and escape the charge of piracy of the mark pleading that the visual aspect of his mark is different from the mark of the person opposing its registration.

6. He held:

The words, Ambal and Andal, have such great phonetic similarity that they are undistinguishable having the same sound and pronunciation. In whatever way they are uttered or spoken, slowly or quickly, perfectly or imperfectly, meticulously or carelessly and whoever utters them, a foreigner or a native of India, wherever they are uttered in the noisy market place or in a calm and secluded area, over the phone or in person, the danger of confusion between the two phonetically allied names is imminent and unavoidable.

Accordingly, he allowed the appeal and dismissed the appellant's application for registration of the trade mark. The appellant filed a letters patent appeal. The Divisional Bench of the High Court dismissed the appeal. The learned Registrar and the two Courts below concurrently found that the appellant failed to prove honest concurrent use so as to bring his case within Section 12(3). The present appeal has been filed by the appellant after obtaining special leave.

7. The Registrar was of the view that the appellant's mark was not deceptively similar to the respondents' trade marks. He has expert knowledge of such matters and his decision should not be lightly disturbed. But both the Courts have found that he was clearly wrong and held that there is a deceptive similarity between the two marks. In an appeal under Article 136 of the Constitution the onus is upon the appellant to show that the concurrent finding of the Courts below is erroneous. The appellant must satisfy the Court that the conditions of Section 12(1) have been satisfied. If those conditions are not satisfied his mark cannot be registered.

8. Now the words "Sri Ambal" form part of trade mark No. 126808 and are the whole of trade mark No. 146291. There can be no doubt that the word "Ambal" is an essential feature of the trade marks. The common "Sri" is the subsidiary part. Of the two words "Ambal" is the more distinctive and fixes itself in the recollection of an average buyer with imperfect recollection.

9. The vital question in issue is whether, if the appellant's mark is used in a normal and fair manner in connection with the snuff and if similarly fair and normal user is assumed of the existing registered marks will there be such a likelihood of deception that the mark ought not to be allowed to be registered? [see In the *matter of Broadhead's Application for registration of a trade mark* 1950-67 RPC 209]. It is for the Court to decide the question on a comparison of the competing marks as a whole and their distinctive and essential features. We have no doubt in our mind that if the proposed mark is used in a normal and fair manner the mark would come to be known by its distinguishing feature "Andal." There is a striking similarity and affinity of sound between the words "Andal" and "Ambal." Giving due weight to the judgment of the Registrar and bearing in mind the conclusions of the learned Single Judge and the

Divisional Bench, we are satisfied that there is a real danger of confusion between the two marks.

10. There is no evidence of actual confusion, but that might be due to the fact that the appellants' trade is not of long standing. There is no visual resemblance between the two marks, but ocular comparison is not always the decisive test. The resemblance between the two marks must be considered with reference to the ear as well as the eye. There is a close affinity of sound between Ambal and Andal.

11. In the case of *Coca-Cola Co. of Canada v. Pepsi Cola of Canada Ltd.* [(1942) 59 RPC 127] it was found that cola was in common use in Canada for naming the beverages. The distinguishing feature of the mark cocacola was coca and not cola. For the same reason the distinguishing feature of the mark Pepsi Cola was Pepsi and not cola. It was not likely that any one would confuse the word Pepsi with coca. In the present case the word "Sri" may be regarded as in common use. The distinguishing feature of the respondents' mark is Ambal while that of the appellants' mark is Andal. The two words are deceptively similar in sound.

12. The name of Andal does not cease to be deceptively similar because it is used in conjunction with a pictorial device. The case of *Decordova v. Vick Chemical Coy.* [(1951) 68 RPC 103] is instructive. From the Appendix printed at page 270 of the same volume it appears that Vick Chemical Coy. were the proprietors of the registered trade mark consisting of the word "Vaporub" and another registered trade mark consisting of a design of which the words "Vicks Vaporub Salve" formed a part. The appendix at page 226 shows that the defendants advertised their ointment as "Karsote vapour Rub." It was held that the defendants had infringed the registered marks. Lord Radcliffe said: "... a mark is infringed by another trader if, even without using the whole of it upon or in connection with his goods, he uses one or more of its essential features."

13. Mr. Sen stressed the point that the words Ambal and Andal had distinct meanings. Ambal is the consort of Lord Siva and Andal is the consort of Ranganatha. He said that in view of the distinct ideas conveyed by the two words a mere accidental phonetic resemblance could not lead to confusion. In this connection, he relied on Venkateswaran's *Law of Trade and Merchandise Marks*, 1969 Ed., page 214, Kerly's *Law of Trade Marks and Trade Names*, 9th Ed., page 465, Article 852 and the decision, Application by Thomas A. Smith Ltd., to Register a trade mark, 1913-30 RPC 363. In that case Neville, J. held that the words "limit" and "summit" were words in common use, each conveying a distinctly definite idea that there was no possibility of any one being deceived by the two marks; and there was no ground for refusing registration. Mr. Sen's argument loses sight of the realities of the case. The Hindus in the south of India may be well aware that the words Ambal and Andal represent the names of two distinct Goddesses. But the respondents' customers are not confined to Hindus alone. Many of their customers are Christians, Parsees, Muslims and persons of other religious denominations. Moreover, their business is not confined to south of India. The customers who are not Hindus or who do not belong to the south of India may not know the difference between the words Andal and Ambal. The words have no direct reference to the character and quality of snuff. The customers who use the respondents' goods will have a recollection that they are known by the word Ambal. They may also have a vague recollection of the portrait of a benign Goddess used

in connection with the mark. They are not likely to remember the fine distinctions between a Vaishnavite Goddess and a Shivaite deity.

14. We think the judgment appealed from is right and should be affirmed. We are informed that the appellant filed another application No. 212575 seeking registration of labels of which the expression “Radha’s Sri Andal Madras Snuff” forms a part. The learned Registrar has disposed of the application in favour of the appellant. But we understand that an appeal is pending in the High Court. It was argued that there was no phonetic similarity between Sri Ambal and Radha’s Sri Andal and the use of the expression Radha’s Sri Andal was not likely to lead to confusion. The Divisional Bench found force in this argument. But as the matter is sub judice we express no opinion on it.

* * * * *

Carrefour v. Suburaman

2007 (35) PTC 225(Mad.)

V. RAMASUBRAMANIAN, J. - CARREFOUR, which claims to be a society anonyme, organised under the laws of France and considered to be one of the largest retailers, has come up with the Suit C.S. No 73 of 2007 praying for (a) a permanent injunction restraining the defendants from manufacturing, marketing, selling, exporting, offering for sale or advertising, any product under the trade mark "CARREFOUR" or from using the same as a trade name thereby infringing the trade mark "CARREFOUR" (b) a permanent injunction restraining the defendants from manufacturing, marketing, selling, exporting, offering for sale or advertising, any product under the trade mark "C" logo or from using the same as a trade name thereby infringing the trade mark "CARREFOUR" (c) a permanent injunction restraining the defendants from printing the "C" logo or reproducing the logo on any product or service and from using the same as an artistic work (d) a permanent injunction restraining the defendants from manufacturing, marketing, selling, exporting, offering for sale or advertising, any product bearing the trade mark "CARREFOUR" or deceptive variation thereof (e) a permanent injunction restraining the defendants from manufacturing, marketing, selling, exporting, offering for sale or advertising, any product bearing the trade mark "C" logo or deceptive variation thereof (f) a permanent injunction restraining the defendants from using the plaintiffs trade mark/name "CARREFOUR" or any other formative mark singularly or in conjunction with any other word deceptively similar as a domain name or website address or electronic mail identity (g) directing the defendants to surrender to the plaintiff for destruction, all stocks bearing the impugned trade mark "CARREFOUR" and "C" logo including packages, strips, labels, dyes and blocks etc. and (h) directing the defendants to pay damages of Rs. 20,00,000.

2. Pending suit, the plaintiff has come up with six applications for interlocutory orders to the following effect viz.:-

- O.A. No. 100 of 2007 for an interim injunction restraining the defendants from manufacturing, marketing, selling, exporting, offering for sale or advertising, any product under the trade mark "CARREFOUR" or from using the same as a trade name thereby infringing the trade mark "CARREFOUR".
- O.A. No. 101 of 2007 for an interim injunction restraining the defendants from manufacturing, marketing, selling, exporting, offering for sale or advertising, any product under the trade mark "C" logo or from using the same as a trade name thereby infringing the trade mark "CARREFOUR".
- O.A. No. 102 of 2007 for an interim injunction restraining the defendants from printing the "C" logo or reproducing the logo on any product or service and from using the same as an artistic work.
- O.A. No. 103 of 2007 for an interim injunction restraining the defendants from manufacturing, marketing, selling, exporting, offering for sale or advertising, any product bearing the trade mark "CARREFOUR" or deceptive variation thereof.
- O.A. No. 104 of 2007 for an interim injunction restraining the defendants from manufacturing, marketing, selling, exporting, offering for sale or advertising, any

product bearing the trade mark "C" logo or deceptive variation thereof.

- O.A. No. 105 of 2007 for an interim injunction restraining the defendants from using the plaintiffs trade mark/name "CARREFOUR" or any other formative mark singularly or in conjunction with any other word deceptively similar as a domain name or website address or electronic mail identity.

3. On 1.2.2007, this Court granted ad interim injunction in all the above six applications. Therefore, after service of notice, the respondents have entered appearance and have come up with A. Nos. 2014 to 2019 of 2007 to vacate the interim orders of injunction. Hence, all the applications were taken up together for disposal.

5. The second respondent, who is the wife of the third respondent, has filed a counter affidavit in common, to the applications for injunction and has also filed separate applications for vacating the interim orders of injunction, claiming to be the Proprietor of the 4th respondent. In the counter affidavits filed by the 2nd respondent in support of the vacate injunction applications, the 2nd respondent has made two things very clear, viz.,

- (a) that the 1st respondent has nothing to do with their business; and
- (b) that from the year 2002 they have stopped using the "C" logo.

6. In para 5 of the counter affidavit, the 2nd respondent has stated categorically that the 1st respondent has nothing to do with the business of the fourth respondent. The first respondent has neither filed any counter affidavit nor filed any vacate injunction application. Therefore there cannot be any impediment for making the interim orders of injunction absolute insofar as the first respondent is concerned. In view of the aforesaid stand taken by the second respondent, the applicant has filed an additional set of documents containing the visiting card of the first respondent showing him as representing the fourth respondent. Therefore there is no alternative except to make the interim orders of injunction absolute insofar as the first respondent is concerned, especially since he has not chosen to file a counter claiming or disclaiming any right over the disputed trade name/mark.

7. Similarly, the second respondent has stated in para 4 of her counter affidavit that immediately after the receipt of the cease and desist notice, they discontinued the use of the "C" logo. She has reiterated this in para 8, 15, 24 and 27 of her counter affidavit. In view of the said stand taken by the respondents 2 to 4 with regard to the "C" logo, the applications relating to the use of "C" logo are to be allowed and vacate injunction applications arising out of the same are to be dismissed. Accordingly, O.A. Nos. 101, 102 and 104 of 2007 are allowed and Application Nos. 2015, 2016 and 2018 of 2007 are dismissed.

8. Thus, the dispute raised both with regard to the trade name/mark "CARREFOUR" and with regard to the "C" logo, has now been reduced only to a dispute relating to the trade name/mark "CARREFOUR". The applicant/plaintiff claims a right over the said trade name/mark by virtue of its user from 1960 in France, where the first store carrying the name was opened on 8.4.1960, as evidenced by Document No.2, which is an extract from the Register of the Registrar of Commerce and Companies, France. The applicant claims to be the largest retailer in Europe and the second largest in the world with a network of 7,000 stores in about 30 countries of the world, with 4,36,000 employees and a sales turnover of Euro 94 Billion. In the counter affidavits, the respondents have raised no dispute about the fact that the word "CARREFOUR"

is a French word meaning "crossroad" and about the fact that the applicant has a chain of stores all over the world under the same name. The actual stand taken by the respondents in their counter affidavits is that the name/mark used by the applicant is not a well known mark and that since the applicant is only into retail business, they could not have acquired trans-border reputation or goodwill. In other words, the user of the name/mark by the applicant from 1960 is not in dispute. The respondents claim user of the name "CARREFOUR" only from 2000, while Document No.2 filed by the applicant shows the applicant's user of the name/mark "CARREFOUR" from 1960.

9. The applicant claims to have secured/filed 2,500 registrations/applications for their trade name/mark "CARREFOUR" and the "C" logo in about 80 countries, the details of these registrations/applications are filed as Document Nos. 7 and 8. 'Furniture' falls under class 20 of the Fourth Schedule to the Trade Marks Act, 1999 and the list of registrations/applications secured/filed by the applicant/plaintiff all over the world and furnished herein under Document Nos. 7 and 8, discloses that the applicant has secured registrations or filed applications for registration with regard to class 20 also in various countries.

10. The applicant has also secured, registrations from the Indian Trade Marks Registry for several products in Class 16, 25, 29, 30, 31, 32, 33 and 35 under Registration Nos. 651900 to 651905 in respect of the name/mark "CARREFOUR" and Registration Nos. 651895 to 651899 in respect of "C" logo. The certified extracts of these registrations are filed as Document No. 9 series by the applicant and the respondents have not disputed this fact in para 13 of their counter affidavits. These registrations have been secured by the applicant on 12.1.1995 and they are due for renewal only in the year 2009. But none of these registrations or applications for registration secured or filed in India relates to "Furniture" in Class 20. In other words, though the applicant/plaintiff has registration of the trade mark in other countries, even in respect of furniture, the: have neither applied for nor obtained\ registration in India for furniture.

11. Therefore, the facts admitted on both sides (or at last not disputed on either side) read with document Nos. 2, 7, 8 and 9 filed by the applicant, lead one to the following conclusions:-

- a) that the word "CARREFOUR". a word in French, meaning cross road, has come to be associated with the retail business carried on by the applicant in France as well as in several other countries;
- b) that the applicant has obtained registration of the trade name/mark "CARREFOUR" in several countries in respect of a variety of goods including furniture; and
- c) that the applicant has also obtained registration of the trade name/mark "CARREFOUR" in India in respect of a variety of goods excluding furniture.

12. In the light of the factual matrix that unfolds as above, the respondents/defendants have taken the following contentions, for opposing the claim of the applicant:-

- a) that the applicant is guilty of suppression of a communication dated 9.9.2003 sent by the counsel for the respondents to the counsel for the applicant;
- b) that since the applicant is only into the business of running super markets, hyper markets, hard discount stores, convenient stores, cash and carry stores and electronic commerce, there is no question of international reputation for

- the applicant in respect of any products;
- c) that the trade name/mark "CARREFOUR" cannot be considered to have acquired the status of a "well known mark";
 - d) that the applicant is not into the business of manufacturing or marketing furniture in India, as seen from the fact that the applicant has not applied or obtained registration in respect of goods under Class 20;
 - e) that the respondents have been using the trade name "CARREFOUR" from July 2000 and that by keeping quiet after the issue of a letter dated 9.9.2003, for a period of more than three years, the applicant has acquiesced to the user of the trade mark/name by the respondents;
 - f) that the respondents have already applied for registration of the trade mark "CARREFOUR" under Application No. 1046701 dated 21.9.2001 in respect of furnitures under Class 20 and that the same was advertised in the Trade Marks Journal No. 1330 Supp. 1 dated 15.5.2005, and that there had been no opposition from anyone including the respondents; and
 - g) that the respondents have come to use the trade mark as a result of "honest adoption" and that therefore, the applicant is not entitled prevent them from using the trade mark.

FIRST CONTENTION

13. Taking up the first contention of the respondents that the applicant is guilty of suppression of fact, it is seen that the said contention is based upon a letter of the counsel for the respondents dated 9.9.2003 to the counsel for the applicant. The applicant has filed a common reply affidavit, taking a stand in para 3 of the said reply affidavit that it was an omission on the part of the erstwhile counsel for applicant, to inform the present counsel, of the receipt of such a letter dated 9.9.2003. The said letter of the counsel for the respondents dated 9.9.2003 has been filed by the respondents as Document No. 10 on their side. The said letter merely reiterates the contents of their earlier letter dated 28.5.2003 and points out that if the applicant did not furnish the details called for in their earlier letter, it would not be possible for them to give a proper reply. Thus, a perusal of Document No. 10 dated 9.9.2003 filed on the side of the respondents, discloses that there were no material facts pleaded in the said letter and that nothing turned on the content of the said letter. In other words, the disclosure of the said letter dated 9.9.2003 by the applicant in their plaint or affidavit, would not have tilted the balance in favour of the respondents. Therefore, I am unable to accept the first contention of the respondents.

SECOND CONTENTION

14. The second contention of the respondents is that the applicant cannot taken to have acquired international or transborder reputation, since they are only into retail business of the products of others. In my considered view, it is not open to the respondents to raise such a contention, in view of the fact that the respondents have conceded to the claim of the applicant in respect of "C" logo and stopped using the "C" logo from the year 2002, immediately after the receipt of "cease and desist" notice from the applicant. The respondents have not explained as to how the second contention would not hold water only in respect of "C" logo, even while it would hold good in respect of the name "CARREFOUR". The second contention of the

respondents is not acceptable for one more reason. If the applicant cannot have proprietary rights over a trade mark merely because of being into retail business, they could not have secured as many as 2500 registrations for the trade mark all over the world and they could not have secured 12 registrations in India. The acquisition of reputation world wide, is a question of fact and the applicant has established *prima facie*, their presence in several countries under the same trade name/mark.

THIRD AND FOURTH CONTENTIONS

15. The third contention of the respondents is that the trade mark/name "CARREFOUR" is not a well known mark. Their fourth contention is that the applicant is not into the business of manufacturing or marketing furniture in India, as seen from the fact that the applicant has not applied or obtained registration in respect of goods under Class 20. Since both these contentions are mutually complementary and are based upon certain provisions of the Act, it is useful to take them together.

16. The third contention of the respondents is based upon the definition of the term "well known trade mark", contained in Section 2(1)(zg) read with Section 11(6) and (7) of the Trade Marks Act, 1999. Section 2(1)(zg) reads as follows:-

"Well-known trade mark", in relation to any goods or services, means a mark which has become so to the substantial segment of the public which uses such goods or receives such services that the use of such mark in relation to other goods or services would be likely to be taken as indicating a connection in the course of trade or rendering of services between those goods or services and a person using the mark in relation to the first-mentioned goods or services."

Section 11 (6) and (7) read as follows:-

"The Registrar shall, while determining whether a trade mark is a well-known trade mark, take into account any fact which he considers relevant for determining a trade mark as well-known trade mark including-

- (i) the knowledge or recognition of that trade mark in the relevant section of the public including knowledge in India obtained as a result of promotion of the trade mark;
- (ii) the duration, extent and geographical area of any use of that trade mark;
- (iii) the duration, extent and geographical area of any promotion of the trade mark, including advertising or publicity and presentation, at fairs or exhibition of the goods or services to which the trade mark applies;
- (iv) the duration and geographical area of any registration of or any application for registration of that trade mark under this Act to the extent they reflect the use or recognition of the trade mark;
- (v) the record of successful enforcement of the rights in that trade mark, in particular, the extent to which the trade mark has been recognised as a well-known trade mark by any Court or Registrar under that record.

(7) The Registrar shall, while determining as to whether a trade mark is known or recognized in a relevant section of the public for the purposes of sub-section (6) take into account -

- (i) the number of actual or potential consumers of the goods or services;
- (ii) the number of persons involved in the channels of distribution of the goods or services;
- (iii) the business circles dealing with the goods or services, to which that trade mark applies."

Drawing my attention to Section 2(I) (zg) and Section 11(6) and (7) of the learned counsel for the respondents contended that in order to claim protection as a "well-known trade mark", the applicant should establish several factors in enlisted sub-section (6) of section 11 and that in order to claim protection as a mark recognized in a relevant section of the public, the applicant should established the factors enlisted in sub-section (7) of Section 11. As on date, the applicant could not place its foot in India, due to the Government Policy not to permit Foreign Direct Investment in the field of trading and retailing. This is admitted ever applicant in para 20 of its affidavit in support of the application for injunction. Therefore, the learned counsel for the respondents contended that the applicant would not be entitled to protection, without first establishing their presence and the knowledge of the public in India about the trade mark being associated with the applicant.

17. However, Mr. Habibullah Basha, learned senior counsel appearing for the applicant drew my attention to sub-sections (8) and (9) of Section 11, which read as follows:-

"(8) Where a trade mark has been determined to be well-known in at relevant section of the public in India by any Court or Registrar, the Registrar shall consider that trade mark as a well-known trade mark for registrations under this Act.

(9) The Registrar shall not require as a condition, for determining whether a trade mark is a well-known trade mark, any of the following namely:

- (i) that the trade mark has been used in India;
- (ii) that the trade mark has been registered;
- (iii) that the application for registration of the trade mark has be India;
- (iv) that the trade mark
 - (a) is well-known in; or
 - (b) has been registered in; or
 - (c) in respect of which an application for registration has been filed in any jurisdiction other than India; or
- (v) that the trade mark is well-known to the public at large in India.

18. On a careful consideration of the rival contentions with regard to the term "well-known trade mark", in the light of Section 2(1) (zg) read with sub-sections (6), (7), (8) and (9) of Section 11, I am of the considered view that the provisions of Section 11 may not be applicable to the case on hand. Section 11 deals with the grounds available to the Registrar for refusal to register a trade mark. We are not in this case concerned with the registration of the trade mark of anyone of the parties hereto. We are only concerned in this case, with the alleged act of the respondents in passing off their goods as those of the applicant. It is an admitted case of both parties that the application made by the respondents for the registration of the trade name/mark "CARREFOUR" in relation to furnniture under Class 20 is pending consideration with the Registrar and the applicant has not even applied for registration of the same trade name/mark with respect to furnniture under Class 20. Therefore, the case on hand could be taken primarily

as an action for passing off and it is not a case of grant or refusal to grant registration so as to invoke the provisions of Section 11.

19. Insofar as the definition of the term "well-known trade mark" under Section 2(1)(zg) is concerned, it is seen that the very concept of "well-known trade mark", as distinguished from a mere "trade mark" (defined under Section 2(1)(zb)) has been incorporated in the new Act, for the purpose of protecting not only a mark which has come to be identified with a particular type of goods or services, but also for protection the same mark from being used in relation to other goods and services, if a substantial segment of the public which uses the first mentioned goods or services is likely to be misled to believe that there is a connection in the course of trade between the second mentioned goods and the proprietor of the trade mark in relation to the first mentioned goods or services. The Trade and Merchandise Marks Act, 1958, did not define or deal with a "well-known trade mark". Therefore, the very grievance of the applicant is that though the trade mark has not been registered in respect of furniture in India in favour of the applicant, the same has been registered in respect of furniture in other countries and the same has also been registered in respect of other goods even in India. As pointed out above, it is not disputed by the respondents (i) that the applicant has obtained registration of the same trade name/mark "CARREFOUR" in respect of a variety of products including furniture in several other countries; and (ii) that the applicant has obtained registration of the same trade name mark in respect of a variety of products except furniture in India. Therefore, the grievance of the applicant that the substantial segment of the public for whom their products have come to be identified and associated with the trade name, are likely to take the products of the Respondents as having a connection in the course of trade, with the applicant, appears *prima facie* to be justified.

20. The contention of the learned counsel for the respondents that as on date, the applicant has no presence in India and that therefore, they cannot claim to hold a "well-known trade mark" as on date in India, cannot be countenanced for two reasons, viz. (a) that the applicant has already set up a Liaison Office of its associate by name CARREFOUR TRADING ASIA LTD at Gurgaon, Haryana with effect from 10.10.2000, as evidenced by the "Certificate of establishment of place of business in India", a PAN Card and TAN Number, filed a Document No. 16 series; and (b) that the applicant had already entered into "Global Sourcing Agreements" with various manufacturers throughout India, as seen from Document No. 18 series and the invoices showing purchases, filed as Document No. 19 series. Therefore, the respondents cannot escape by contending that the applicant has no actual physical presence in India to maintain an action for passing off. The fact that the applicant has not applied for registration of the trade mark in India in relation to furniture under Class 20, cannot also go to the rescue of the respondents, since the definitions of the words "trade mark" and "well-known trade mark" under Section 2(1)(zg) and of the Act, read together protects the proprietor of a trade mark in relation to a particular type of goods against exploitation by others in relation to other types of goods also, if there is a likelihood of a substantial segment of the public taking it to have a connection in the course of trade.

21. In order to substantiate his contention that actual physical presence in India is a *sine qua non* for acquiring transborder reputation and for seeking protection, the learned counsel for the respondents relied upon the Judgment of the Division Bench of the Delhi High Court in

Rob Mathys India Pvt. Ltd v. Synthes Ag Chur [1997 (17) PTC 669 (DB)]. In the said case, the Division Bench of the Delhi High Court considered the scope of trans border reputation or spill over reputation and held that the same cannot be accepted as the sole criteria for protecting a registered or unregistered trade mark. For holding so, the Division Bench of the Delhi High Court drew inspiration from the Judgment of the Apex Court in **M/s. N.R. Dongre v. Whirlpool Corporation USA** [1996 (16) PTC 583]. Therefore, the learned counsel for the respondents contended that transborder reputation, claimed to have been acquired by the applicant, cannot be the sole criteria for granting protection to their mark.

22. In any event, according to the learned counsel for the respondents the applicant has to establish actual presence in India since the Division Bench of the Delhi High Court held in page 716 of the aforesaid Judgment that "need of the user of the trade mark in India by plaintiff/respondent No.1 cannot be given a total go by".

23. However, a careful consideration of the aforesaid Judgment of the Division Bench of the Delhi High Court would show that the law on the issue varied from the Courts in England and the Courts in Commonwealth countries and that the Indian Courts would do well to follow the middle path. The relevant observations of the Division Bench of the Delhi High Court in this regard are found in page 721, which read as follows:-

"It would thus appear that there is conflict of approach between the "hardline or national approach" of the English authorities and the "liberal international approach" of the Courts in other Commonwealth countries. We feel that we must follow a middle course. We must readily support decisions which seek to promote commercial morality and discourage unethical trade practices of making such a situation where Indian purchaser/consumer starts presuming franchise like connection between foreign products and Indian Products which either cause confusion or which appear to be deceptively similar. Indian Courts have consistently and rightly disapproved the attempt by Indian trade and industry to bask in the warmth of, and make illicit profit from, a reputation not earned legitimately by their own effort but built by others elsewhere, by the short cut of trickery and passing off and thus protected not only private rights but commercial morality and thus expanded the scope of passing off action to meet that end. This approach is essential to protect the interest of Indian users i.e., public in general. But, this approach must be confined to same or similar products or at the most closely related products and services. This approach cannot be extended to totally different kind of products. In this later area, in order to protect national economic interest English rigidity appears to be essential."

24. Therefore, the trade mark/name used by the applicant for the past 47 years throughout the world, has to be protected, in order to promote commercial morality and discourage unethical trade practices (as observed by the Delhi High Court), since the applicant has obtained registration even in India in respect of similar products and closely related products such as office requisites under Class 16.

25. The learned counsel for the respondents also relied upon a Judgment of the single Judge of the Delhi High Court in **Sears Roebuck and Company v. Happy House (TV) Mfg. Co. Pvt. Ltd.** [1992 (12) PTC 59]. As in the present case, the plaintiff in the said case before the Delhi

High Court was an American Corporation running a chain of retail stores in several countries. When a Company in India started manufacturing and marketing its televisions under the name "SEARS", the American Corporation instituted a suit in the Delhi High Court. In para 9 and 13 of its judgment, the learned Judge of the Delhi High Court, held as follows:-

"9. Undoubtedly, reputation in the modern world is not confined within political frontiers. However, in the present case, considering the evidence place by the plaintiff on record. I do not think it is necessary for me to go into the question whether physical commercial presence in India is necessary to protect a right in a passing off action. In the present case, the nature of activity of the plaintiff and that of the defendants totally different. The plaintiff does no manufacture televisions but is a chain of retail stores which sells all sorts of consumer items : Whereas the defendants are manufacturers of televisions do not sell all sorts of consumer items : Any other goods excepting television. It is thus, unnecessary to refer to the large number of authorities cited by the learned counsel for the parties because in all most all the cases there was some commercial transaction in the country where the action was initiated."

"13. Thus unless evidence is brought before the Court showing the reputation and goodwill of the plaintiff in India as a manufacturer of televisions a substantial evidence of the reputation and goodwill of the plaintiff as a retail store in India is placed on record, this Court cannot grant the injunction restraining the defendants as prayed for by the plaintiff. The relief sought for by the plaintiff can be considered when the suit is finally decided."

26. Unfortunately, I am unable to persuade myself to adopt the same view, as taken by the learned Judge of the Delhi High Court, for a variety of reason viz.

- (a) the applicant has established that they have developed goodwill and reputation in several countries.
- (b) the applicant has also established that they have secured 2500 registrations of their trade name/mark in several countries in respect of a variety of products', including furniture.
- (c) the applicant has established that they have obtained several registrations of their trade mark/name in India, way back in the year 1995 in respect of many products excluding furniture.
- (d) while the applicant has an explanation for adopting the French word "CARREFOUR" as its trade name/mark, the respondents have not offered any explanation as to how they have come to adopt such a mark.

Therefore, the ratio laid down by the Division Bench of the Delhi High Court in the decision in **Rob Mathys India Pvt. Ltd.** case, appears to be more relevant for deciding the issue on hand.

27. The learned counsel for the respondents relied upon another judgment of a learned Judge of the Delhi High Court in **Smithkline Beecham Plc. v. Hindustan Lever Limited**, [1999 PTC 775]. In para 12 of the said judgment, the learned judge held that "since the produce was not available in the Indian Market having not been marketed and sold in the Indian Market by the plaintiffs, there was no scope for contending that the said product had already achieved a goodwill in India". As in SEARS case (discussed in the previous paragraph), this judgment of the learned Judge of the Delhi High Court is also one passed in an Interlocutory application.

But as stated in the previous paragraph, the law laid down by the Division Bench of the Delhi High Court in Rob Matllys case to the effect that the goodwill acquired in respect of similar products and related products has to be taken into account provides an answer even to this judgment.

28. The learned counsel for the respondents, then relied upon another judgment of a learned Judge of the Delhi High Court in *The Gillette Company v. A.K. Stationery* [(2001 PTC 513 (Del)] for the proposition that for deciding prior user, use in India is necessary. But in the said case, the defendant started manufacturing and marketing its product under the trade mark from 1993 and the plaintiff filed an application for registration only in 1995. Therefore, the Delhi High Court applied the provisions of Section 33 of the old Act, to hold so. But at the same time, it was held in page. 528 of the said Judgment as follows:-

"No doubt the Courts in India have protected the transborder or spill over of international reputation of trade marks of overseas companies in various cases and would continue to do so. It also does not require any, emphasis that rapidly grown international trade makes it imperative that intellectual property are properly rights are properly recognised and managed in different countries of the globe. The Court frowns upon any attempt by one proprietor or appropriate the mark of a another proprietor although that proprietor is a foreign proprietor and the mark has only been used by him in a foreign country. However, these principles are to be applied keeping in view the salient aspects of each case."

Therefore, the ratio to be drawn from the said judgment is only that which is extracted above.

29. The learned counsel for the respondents also relied upon two decisions of the Intellectual Property Appellate Board in *Champagne Moet and Chandon v. Moet's* [2005 (30) PTC 323 (IPAB)] and *Jolen Inc. v. Assistant Registrar of Trade Marks* [2005 (30) PTC 542 (IPAB)]. But both cases arose out of orders of the Deputy Registrar/Assistant Registrar of Trade Marks disallowing the opposition of the appellant for the registration of the trade mark of the respondent. Moreover, those cases arose after the statutory authorities went into great detail on the question of prior use and acquisition of goodwill and reputation, after the parties let in evidence. Therefore, the IPAB had the benefit of pleadings as well as evidence let in before the Deputy/Assistant Registrar and considered the correctness of the orders passed by those authorities. But in this case, we are at the interlocutory stage and hence, the said decisions cannot provide a clue for arriving at a conclusion in this case.

FIFTH CONTENTION

30. Since the applicant instituted the suit only in February 2007, after the expiry of three years from the date of the last communication viz., 9.9.2003, the learned counsel for the respondents contended that the applicant was guilty of acquiescence. In order to drive home this contention, the learned counsel for the respondents drew my attention to Section 33 of the Act, which reads as follows:-

"33. Effect of acquiescence.-

(1) Where the proprietor of an earlier trade mark has acquiesced for a continuous period of five years in the use of registered trade mark, being aware of that use, he

shall no longer be entitled on the basis of that earlier trade mark

(a) to apply for a declaration that the registration of the later trade mark is invalid, or

(b) to oppose the use of the later trade mark in relation to the goods or services in relation to which it has been so used, unless the registration of the later trade mark was not applied in good faith.

(2) Where sub-section (1) applies, the proprietor of the later trade mark is not entitled to oppose the use of the earlier trade mark, or as the case may be, the exploitation of the earlier right, notwithstanding that the earlier trade mark "may no longer be invoked against his later trade mark".

31. But unfortunately, the preconditions prescribed under Section 33 for invoking the doctrine of acquiescence, are not satisfied in this case. Section 33 (1) prescribes two preconditions viz., (i) that there must be acquiescence for a continuous period of five years in the use of a registered trade mark; and (ii) that the proprietor of the earlier mark acquiesced to the use of the registered mark in spite of being aware of that use. In other words, the respondents should not only prove knowledge on the part of the applicant but also prove use of the mark for a continuous period of five years. Moreover, the words "acquiesced for a continuous period of five years in the use of a registered trade mark" appearing in Section 33 (1) makes it clear that such acquiescence by the proprietor of an earlier mark, should be in relation to a registered trade mark. The respondents have not so far obtained registration of the trade mark. Therefore, the applicant, who claims to be the proprietor of the earlier mark, cannot be said to have acquiesced in the use of a registered trade mark by the respondents.

32. Moreover, the respondents claim to have started using the trade name from July 2000 and admit to have received a cease and desist notice for the first time from the applicant on 17.6.2002. The exchange of notices which commenced from 17.6.2002, ended up with a legal reply dated 9.9.2003 and the suit was instituted thereafter in February 2007. Therefore, even if June 2002 is taken to be the date knowledge of the applicant and the date of commencement of any acquiescence, the suit has been instituted within five years. Hence, the applicant cannot be held to have acquiesced to the use of the mark by the respondents, so as to enable the respondents to claim protection under Section 33 of the Act.

33. The issue of acquiescence was considered in great detail by the Supreme Court in *Ramdev Food Products Pvt Ltd v. Arvindbhai Rambhai Patel* [AIR 2006 SC 3304]. In para 105 and 106 of the said Judgment. the Apex Court crystallised the law on the point as follows:-

"105. Acquiescence is a facet of delay:- The principle of acquiescence would apply where: (i) sitting by or allow another to invade the rights and spending money on it; (ii) it is a course of conduct inconsistent with the claim for exclusive rights for trade mark, trade name, etc."

"106. In M/s. Power Control Appliances v. Sumeet Machines Pvt. Ltd. [(1994) 2 SCC 448 : 1995 (15) PTC 165 (SC)] this Court stated:

"Acquiescence is sitting by, when another is invading the rights and spending money on in. It is a course of conduct inconsistent with the claim for exclusive rights in a trade mark, trade name etc. It implies positive acts; not merely silence or inaction

such as is involved in laches.... "

Therefore, I am unable to accept the contention that there was acquiescence on the part of the appellant.

SIXTH CONTENTION

34. The next contention of the respondents is that they have applied for registration of the trade mark under Application No. 1046701 dated 21.9.2001 in respect of goods falling under Class 20 and that the same was advertised in the Trade Marks Journal No. 1330 Supp. 1 dated 15.5.2005 and that there had been no opposition from anyone till date.

35. The factual position that the respondent have already applied for registration and that the applicant has not filed any Notice of Opposition till date to the advertisement published in the Trade Marks Journal dated 15.5.2005 is admitted by the applicant. However, the learned Senior Counsel for the applicant brought to my notice that nothing is lost for the applicant, since a second advertisement was published in the Trade Marks Journal No. 1355 dated 1.11.2006 and that the time limit prescribed for filing Notice of Opposition under Section 21 (1) of the Act had not expired. Section 21 (1) allows a time limit of three months for filing a Notice of Opposition. This period of three months can be extended by one more month at the discretion of the Registrar, on an application made to him. The section makes it clear that the period of limitation for filing a Notice of Opposition would commence *from the date of the advertisement or re-advertisement*. In this case, the date of advertisement was 15.5.2005 and the date of re-advertisement was 1.11.2006. Therefore, the period of limitation would commence only from the date of re-advertisement.

36. A Division Bench of this Court (to which I was a party) has already held in *Nalli Sambasivam v. The Deputy Registrar of Trade Marks* [2006-4-L.W. 658] that the date of the advertisement would mean only the date on which the journal was published and made available for circulation for the first time. Therefore, the contention of the respondents that they had already applied for registration and that there had been no opposition till date, does not really help them.

SEVENTH CONTENTION

37. The last contention of the learned counsel for the respondents is that they have come to use the trade mark as a result of "honest adoption" and that therefore, the applicant is not entitled to prevent them from using the trade mark. Elaborating on this contention, the learned counsel for the respondents contended that the applicant has not so far started using the mark in India in relation to furniture and that therefore the respondents, who have been using the trade mark since July 2000 in India in relation to furniture, cannot be uprooted.

38. In order to drive home the said contention, the learned counsel for the respondents invited my attention to Section 11 (11) and Section 34 of the Act. Section 11 (11) reads as follows:-

"Where trade mark has been registered in good faith disclosing the material information to the Registrar or where right to a trade mark has been acquired through use in good faith before the commencement of this Act, then, nothing in this Act shall prejudice the validity of the registration of that trade mark or right to use that trade mark on the ground that such trade mark

is identical with or similar to a well-known trade mark." Section 34 reads as follows:-

"34. Saving for vested rights. - Nothing in this Act shall entitle the proprietor or a registered user of registered trade mark to interfere with or restrain the use by any person of a trade mark identical with or nearly resembling it in relation to goods or services in relation to which that person or a predecessor in title of his has continuously used that trade mark from a date prior -

(a) to the use of the first-mentioned trade mark in relation to those goods or services be the proprietor or a predecessor in title of his; or

(b) to the date of registration of the first-mentioned trade mark in respect of those goods or services in the name of the proprietor of a predecessor in title of his, whichever is the earlier, and the Registrar shall not refuse (on such use being proved) to register the second mentioned trade mark by reason only of the registration of the first-mentioned trade mark."

39. The Central Government appointed 15.9.2003 as the date of commencement of the Trade Marks Act, 1999, by a notification issued on 15.9.2003 in exercise of the powers conferred under Section 1 (3) of the Act. Therefore, the learned counsel for the respondents contended that as a person who started using the trade mark "CARREFOUR" from July 2000, prior to the date of commencement of that Act, the respondents are entitled to protection under Section 11(11) of the Act. But in my considered view, the said contention is misconceived. Section 11, as pointed out in para 18 above, enumerates the grounds on which the Registrar is entitled to refuse registration of a trade mark. Even if it is presumed for the sake of argument that Section 11 (11) applies both to the registration of a trade mark as well to the acquisition of a right to a trade mark through prior use, it is made clear by the section that such use must be "in good faith". The respondents have not proved such use in good faith. Admittedly, the word "CARREFOUR" is a French word first used by the applicant in 1960 and being used by them in relation to their retail business for the past 47 years throughout the world. Therefore, the respondents ought to have shown as to how they adopted a French word in India, especially in relation to furniture. There is not even a whisper in the pleadings about the manner the respondents came to adopt the said word.

40. Insofar as the contention based upon Section 34 of the Act is concerned, the contention of the learned counsel for the respondents cannot hold water, since the object of Section 34 is totally different. Under this section, if a person has been using a trade mark in relation to his goods from a date anterior in point of time to the date of registration of a similar mark, the registered user or proprietor of a registered mark is prevented from interfering with the right of the prior user. In other words, the vested rights of a prior user of a trade mark are protected by this section from interference by a registered subsequent user. As a matter of fact, this section would actually operate in favour of the applicant, even if the respondents secure registration.

41. The contention of the respondents about "honest adoption" cannot also be accepted, since the respondents have established only "adoption" and not "honest adoption". As pointed out already, the applicant, as a French Company, adopted the trade mark, which is a French word, way back in the year 1960 and had started using the same in many countries throughout the world. They have also secured registration of the said trade mark in several countries including India. Though the applicant had not obtained registration of the said trade mark in

relation to furniture, in India, they have obtained registration of the said mark in relation to furniture also, in other countries as seen from several documents filed by them. The registration of the trade name "CARREFOUR" secured by the applicant in India, dates back to January 1995. The respondents started adopting the mark only in July 2000 and there is no whisper as to how the respondents came to adopt a French word for their business in furniture. Hence, the respondents in my considered view, have failed to pass the test of "honesty in adoption".

42. The learned counsel for the respondents relied upon the provisions of Section 29 (4) (b) and (c) of the Act, to buttress his contention that the question of infringement would arise only if the trade mark is used in relation to same or similar goods and only if the registered trade mark has a reputation in India. But in my considered view, the said question need not be gone into, in view of the admitted position that Section 29 (4) applies only to an infringement of a registered trade mark and not to an action for passing off in respect of an unregistered trade mark. Therefore, the applicant is entitled to protection under Section 27 (2) of the Act which reads as follows:-

"Nothing in this Act shall be deemed to affect rights of action against any person for passing off goods or services as the goods of another person or as services provided by another person, or the remedies in respect thereof."

In view of the *non obstante* clause contained in Section 27 (2), the provisions of Section 29 (4) will have no application to the case on hand.

CONCLUSION:

43. *To summarise* - (i) The applicant/plaintiff has established that they had adopted the trade name 'CARREFOUR' way back in the year 1960 and started a chain of retail outlets originally in France and spread over to European, Asian and Middle East countries, as seen from Document Nos. 2, 4, 5 and 6. (ii) Through Document Nos. 7 and 8, the applicant has also established that they have world-wide registrations (about 2500 in number) of the trade mark for a variety of products including furniture. (iii) That the applicant has obtained registration in India way back in 1995 in respect of several other products (except furniture) is also established by Document No. 9. (iv) That the applicant has a huge turnover and that they have incurred heavy expenditure on publicity is established by Document Nos. 12 and 13. (v) That the applicant has already set foot in India is established by the Certificate issued by the Reserve Bank of India, the PAN Card and TAN Number filed as Document No. 16. (vi) The respondents have given up their claim to use the "C" logo, immediately after the receipt of a cease and desist notice from the applicant in the year 2002. By such a conduct, the respondents had given up their claim over a part of the trade mark and hence, the respondents will explain as to how they could sustain their claim in respect of the other part of the trade mark.

44. In view of the above overwhelming material, I am of the view that the applicant/plaintiff has established a *prima facie* case, The balance of convenience is also in favour of the applicant in view of the fact that the public is likely to be deceived into thinking that the products offered by respondent have a connection in the course of trade, to the applicant. The applicant would suffer irreparable injury if injunction is refused.

45. In view of the above, all the applications for injunction O.A. Nos. 100 to 105 of 2007

are allowed and the application for vacating the injunctions in A. Nos. 2014 to 2019 of 2007 are dismissed.

* * * * *

Parle Products (P) Ltd. v. J.P. and Co.

(1972) 1 SCC 618

MITTER, J. - This is an appeal by special leave from a judgment of the Mysore High Court confirming the dismissal of a suit for an injunction restraining the respondent from infringing the registered trade mark of the plaintiffs used on packets of biscuits.

2. The plaintiffs-appellants before us are manufacturers of biscuits and confectionery and are owners of certain registered trade marks. One of them is the word "Gluko" used on their half pound biscuit packets. Another registered trade mark of theirs is a wrapper with its colour scheme, general set up and entire collocation of words registered under the Trade Marks Act, 1940 as No. 9184 of December 7, 1942. This wrapper is used in connection with the sale of their biscuits known as "Parle's Gluko Biscuits" printed on the wrapper. The wrapper is of buff colour and depicts a farmyard with a girl in the centre carrying a pail of water and cows and hens around her on the background of a farmyard house and trees. The plaintiffs claim that they have been selling their biscuits on an extensive scale for many years past under the said trade mark which acquired great reputation and goodwill among the members of the public. They claimed to have discovered in March 1961, that the defendants were manufacturing, selling and offering for sale biscuits in a wrapper which according to them was deceptively similar to their registered trade mark. The plaintiffs assert that this act of the defendant constitutes an infringement of their trade mark rights. As in spite of lawyer's notice the defendants persisted in manufacturing, selling and using the wrappers complained of with regard to their biscuits, the plaintiffs filed the suit claiming injunction as already mentioned.

3. The defendants pleaded ignorance of the registration of the trade marks claimed by the plaintiffs. They denied that the wrapper used by them in connection with the sale of their biscuits was deceptively similar to the plaintiffs' trade marks as alleged or that they had in any way infringed the trade mark rights of the plaintiffs. They pleaded further that there was a good deal of difference in the design of their wrapper from that of the plaintiffs and relied on certain features of their design which were said to be quite dissimilar to those of the plaintiffs' wrapper inasmuch as the defendant's wrapper contained the picture of a girl supporting with one hand a bundle of hay on her head and carrying a sickle and a bundle of food in the other, the cows and hens being unlike those of the plaintiffs' wrappers. There was also said to be difference in the design of the buildings on the two wrappers and the words printed on the two wrappers were distinct and separate.

4. The trial court meticulously examined the features found on the two wrappers and the packets of biscuits produced before it and took the view that there were greater points of dissimilarity than of similarity between the two and as such it was unlikely that the defendants' goods could be passed off as and for the goods of the plaintiffs. After pointing out the distinguishing features of the wrappers, the trial court concluded that there was no chance of a seller committing fraud on a customer and an ordinary purchaser would certainly refuse to purchase the defendants' goods if he was offered them as and for the plaintiffs' goods. Accordingly the trial court held that the plaintiffs had failed to establish their case.

5. Although the High Court held that in such a case it was not necessary for the plaintiffs to adduce evidence that any particular individual had been deceived by the defendants' wrapper and it was undeniable that the general get up of the two wrappers was more or less similar, it went on to observe that the court had to bear in mind that it was dealing with packets of biscuits which were generally used by people of the upper classes, and a purchaser desirous of getting a packet of Parle biscuits would go and ask for the same as such, in which case there could be no scope for deceptions against the plaintiffs could have no cause for grievance if a purchaser was content to buy any biscuits which were offered to him by the shopkeeper. The High Court also took the view that there were several distinguishing features between the two wrappers and these could be noticed even from a distance. According to the High Court the similarity in the two wrappers lay in the facts that both were partly yellow and partly white in colour and both bore the design of a girl and some birds. "But" the High Court said "there the similarity ends. The lady in the wrapper used by the plaintiff company has a pot on her hand while the lady in the wrapper used by the defendant has a hay-bundle on her head. In fact, they are not identical in features. In the defendants' wrapper we have got a cow and in the plaintiffs' wrapper we have got two calves. The upper portion of the defendants' wrapper is not similar to that of the plaintiffs' wrapper". The High Court went on to comment:

It is true that in a passing off action, one is not to look to minor details but must take into consideration the broad features. Even if we take the broad features of the two wrappers into consideration, we do not think that they are similar. At any rate, they are not so similar as to deceive an ordinary purchaser of biscuits.

6. With due respect to the learned Judges of the High Court, we are constrained to remark that they fell in an error. The plaintiffs' marks were registered under the Trade Marks Act, 1940 which was however repealed by Section 136 of the Trade and Merchandise Marks Act, 1958. Under sub-section (2) of the said section any registration under the Act of 1940 if in force at the commencement of the Act of 1958 was to continue in force and have effect as if made, issued and given under the corresponding provisions of the Act of 1958. Under Section 21(1) of the Act of 1940 the registration of a person in the register as proprietor of a trade mark in respect of any goods gave to that person the exclusive right to the use of the trade mark in relation to those goods and that right was to be deemed to be infringed by any person who, not being the proprietor of the trade mark or a registered user thereof using by way of the permitted use, used a mark identical with it or so nearly resembling it as to be likely to deceive or cause confusion, in the course of trade, in relation to any goods in respect of which it was registered. Under Section 28(1) of the Trade and Merchandise Marks Act, 1958 the registration of a trade mark in Part A or Part B of the register gave to the registered proprietor of the trade mark the exclusive right to the use of the trade mark in relation to the goods in respect of which the trade mark was registered and to obtain relief in respect of the infringement of the trade mark in the manner provided by the Act. Under Section 29(1):

A registered trade mark is infringed by a person who, not being the registered proprietor of the trade mark or a registered user thereof using by way of permitted use, uses in the course of trade a mark which is identical with, or deceptively similar to, the trade mark, in relation to any goods in respect of which the trade mark is registered

and in such manner as to render the use of the mark likely to be taken as being used as a trade mark.

The expression “deceptively similar” has now been denned under Section 2(d) of the Act of 1958 thus:

A mark shall be deemed to be deceptively similar to another mark if it so nearly resembles that other mark as to be likely to deceive or cause confusion.

It is to be noted that although there was no such provision in the definition section of the Act of 1940, Section 21(1) of the said Act was to the same effect. The Indian Trade Marks Act of 1940 was based on the English Trade Marks Act, 1938 and Section 21 of the Act of 1940 was more or less similar to Section 4 of the English Act of 1938.

7. To decide the question as to whether the plaintiffs’ right to a trade mark has been infringed in a particular case, the approach must not be that in an action for passing off goods of the defendant as and for those of the plaintiff. According to this Court in *Durga Dutt v. Navaratna Laboratories* [AIR 1965 SC 980]:

While an action for passing off is a Common Law remedy being in substance an action for deceit, that is, a passing off by a person of his own goods as those of another, that is not the gist of an action for infringement. The action for infringement is a statutory remedy conferred on the registered proprietor of a registered trade mark for the vindication of the exclusive right to the use of the trade mark in relation to those goods (vide Section 21 of the Act). The use by the defendant of the trade mark of the plaintiff is not essential in an action for passing off, but is the sine qua non in the case of an action for infringement.

In the above case the Court further pointed out:

In an action for infringement, the plaintiff must, no doubt, make out that the use of the defendant’s mark is likely to deceive, but where the similarity between the plaintiff’s and the defendant’s mark is so close either visually, phonetically or otherwise and the Court reaches the conclusion that there is an imitation, no further evidence is required to establish that the plaintiff’s rights are violated. Expressed in another way, if the essential features of the trade mark of the plaintiff have been adopted by the defendant, the fact that the get up, packing and other writing or marks on the goods or on the packets in which he offers his goods for sale show marked differences, or indicate clearly a trade origin different from that of the registered proprietor of the mark would be immaterial; whereas in the case of passing off, the defendant may escape liability if he can show that the added matter is sufficient to distinguish his goods from those of the plaintiff.

8. According to *Kerly’s Law of Trade Marks and Trade Names* (9th Edn., para 838):

Two marks, when placed side by side, may exhibit many and various differences, yet the main idea left on the mind by both may be the same. A person acquainted with one mark, and not having the two side by side for comparison, might well be deceived, if the goods were allowed to be impressed with the second mark, into a belief that he was dealing with goods which bore the same mark as that with which he was acquainted. Thus, for

example, a mark may represent a game of football; another mark may show players in a different dress, and in very different positions, and yet the idea conveyed by each might be simply a game of football. It would be too much to expect that persons dealing with trade marked goods, and relying, as they frequently do, upon marks, should be able to remember the exact details of the marks upon the goods with which they are in the habit of dealing. Marks are remembered rather by general impressions or by some significant detail than by any photographic recollection of the whole. Moreover, variations in detail might well be supposed by customers to have been made by the owners of the trade mark they are already acquainted with for reasons of their own.

9. It is, therefore, clear that in order to come to the conclusion whether one mark is deceptively similar to another, the broad and essential features of the two are to be considered. They should not be placed side by side to find out if there are any differences in the design and if so, whether they are of such character as to prevent one design from being mistaken for the other. It would be enough if the impugned mark bears such an overall similarity to the registered mark as would be likely to mislead a person usually dealing with one to accept the other if offered to him. In this case we find that the packets are practically of the same size, the colour scheme of the two wrappers is almost the same; the design on both though not identical bears such a close resemblance that one can easily be mistaken for the other. The essential features of both are that there is a girl with one arm raised and carrying something in the other with a cow or cows near her and hens or chickens in the foreground. In the background there is a farm house with a fence. The word "Glucobiscuits" in one and "Glucose Biscuits" on the other occupy a prominent place at the top with a good deal of similarity between the two writings. Anyone in our opinion who has a look at one of the packets today may easily mistake the other if shown on another day as being the same article which he had seen before. If one was not careful enough to note the peculiar features of the wrapper on the plaintiffs' goods, he might easily mistake the defendants' wrapper for the plaintiffs' if shown to him some time after he had seen the plaintiffs'. After all, an ordinary purchaser is not gifted with the powers of observation of a Sherlock Homes. We have therefore no doubt that the defendants' wrapper is deceptively similar to the plaintiffs' which was registered. We do not think it necessary to refer to the decisions referred to at the bar as in our view each case will have to be judged on its own features and it would be of no use to note on how many points there was similarity and in how many others there was absence of it.

10. It was argued before us that as both the trial court and the High Court had come to the same conclusion namely, that the defendants' wrapper was not deceptively similar to the plaintiffs', the finding is one of fact which should not be disturbed by this Court. Normally, no doubt this Court does not disturb a concurrent finding of fact. But where, as here we find that the finding was arrived at not on proper consideration of the law on the subject it is our duty to set the same aside on appeal.

11. In the result, we hold that the defendant had infringed the registered trade mark of the plaintiff and the suit of the plaintiff should be decreed and an injunction granted restraining the defendant respondent from selling or using in any manner whatsoever biscuits in wrappers similar in appearance to the registered trade mark of the plaintiffs on their packets. The appellants will be entitled to their costs throughout.

Cadila Health Care Ltd. v. Cadila pharmaceuticals Ltd.

(2001) 5 SCC 73 : 2001 PTC 300 (SC)

KIRPAL, J. - 2. The appellant and the respondent are pharmaceutical companies manufacturing various pharmaceutical products. The two Companies had taken over the assets and business of the erstwhile Cadila Group after its restructuring under Sections 391 and 394 of the Companies Act. One of the conditions in the scheme of restructuring of the Cadila Group was that both the appellant and the respondent got the right to use the name "CADILA" as a corporate name.

3. The present proceedings arise from the suit for injunction which had been filed by the appellant against the respondent in the District Court at Vadodara. The suit related to a medicine being sold under the brand name "Falcitab" by the respondent which, according to the appellant, was a brand name similar to the drug being sold by it under its brand name "Falcigo".

4. The case of the appellant was that its drug "Falcigo" contains artesunate for the treatment of cerebral malaria commonly known as "Falcipharum". After the introduction of this drug, the appellant on 20-8-1996 applied to the Trade Marks Registry, Ahmedabad for registration in Part A, Class 5 of the Trade and Merchandise Marks Act. On 7-10-1996 the Drugs Controller General (India) granted permission to the appellant to market the said drug under the trade mark of "Falcigo". It is, thereafter, that since October 1996 the appellant claimed to have started the manufacture and sale of drug "Falcigo" all over India.

5. The respondent Company is stated to have got permission on 10-4-1997 from the Drugs Controller General (India) to manufacture a drug containing "Mefloquine Hydrochloride". The respondent was also given permission to import the said drug from abroad. According to the appellant, it came to know in April 1998 that the said drug, which was also used for the treatment of "Falcipharum Malaria", was being sold by the respondent under the trade mark of "Falcitab". The appellant then filed a suit in the District Court at Vadodara seeking injunction against the respondent from using the trade mark "Falcitab" as it was claimed that the same would be passed off as the appellant's drug "Falcigo" for the treatment of the same disease in view of confusing similarity and deception in the names and more so because the drugs were medicines of last resort.

6. The respondent Company stated in the defence that the word "Falci", which is the prefix of the mark, is taken from the name of the disease "Falcipharum Malaria" and it is a common practice in pharmaceutical trade to use part of the word of the disease as a trade mark to indicate to the doctors and chemists that a particular product/drug is meant for a particular disease. It was also the case of the respondent that admittedly the two products in question were Schedule 'L' drugs which can be sold only to the hospitals and clinics with the result that there could not even be a remote chance of confusion and deception. It may here be noticed that Schedule 'H' drugs are those which can be sold by the chemist only on the prescription of the doctor but Schedule 'L' drugs are not sold across the counter but are sold only to the hospitals and clinics.

7. The Extra Assistant Judge, Vadodara by his order dated 30-5-1998 dismissed the interim injunction application. He came to the conclusion that the two drugs "Falcigo" and "Falcitab" differed in appearance, formulation and price and could be sold only to the hospitals and

institutions and there was, thus, no case been made out for grant of injunction and there was no chance of deception or/of confusion specially as the drug was not meant to be sold to any individual.

8. The appeal filed by the appellant before the High Court met with no success. After discussing various cases which were cited before it and after verifying the cartons and packings of the respective products, the High Court came to the conclusion that it could not be said that there was a likelihood of confusion being caused to an unwary consumer in respect of the disputed marks. It observed that there was little chance of any passing off of one product for the other product.

9. When the special leave petition came up for hearing, detailed arguments were heard and, for the reasons to be given, this Court did not interfere with the orders passed by the courts below but gave directions regarding expeditious disposal of the suit. In this judgment, we give the reason for not interfering and also set out the principles which are to be kept in mind while dealing with an action for infringement or passing off, specially in the cases relating to medicinal products. The reason for not interfering with the order appealed against was that there may be possibility of evidence being required on merits of the case and directions were given for speedy trial of the suit. Expression of opinion on merits by this Court at this stage was not thought advisable. We now proceed to examine the principles on which these cases have been and are required to be decided.

10. ... in the case of unregistered trade marks, a passing-off action is maintainable. The passing-off action depends upon the principle that nobody has a right to represent his goods as the goods of somebody. In other words a man is not to sell his goods or services under the pretence that they are those of another person. As per Lord Diplock in *Erven Warnink BV v. J. Townend & Sons*, [(1979) 2 All ER 927] the modern tort of passing off has five elements i.e. (1) a misrepresentation, (2) made by a trader in the course of trade, (3) to prospective customers of his or ultimate consumers of goods or services supplied by him, (4) which is calculated to injure the business or goodwill of another trader (in the sense that this is a reasonably foreseeable consequence), and (5) which causes actual damage to a business or goodwill of the trader by whom the action is brought or (in a quia timet action) will probably do so.

11. There being an action alleging passing off in the present case, it will be appropriate to consider a few decisions, specially of this Court which are relevant on the point in issue.

12. In *National Sewing Thread Co. Ltd. v. James Chadwick and Bros. Ltd.* [AIR 1953 SC 357] this Court was dealing with a case where an application for registration of a trade mark had been declined by the Registrar who accepted the objections filed by the respondent to the application for registration. While interpreting Section 8 of the Trade Marks Act which provides that

no trade mark nor part of a trade mark shall be registered which consists of, or contains, any scandalous design, or any matter the use of which would (a) by reason of its being likely to deceive or to cause confusion or otherwise, be disentitled to protection in a court of justice,

this Court observed at p. 363 as under:

Under this section an application made to register a trade mark which is likely to deceive or to cause confusion has to be refused notwithstanding the fact that the mark might have no identity or close resemblance with any other trade mark. ... What the Registrar has to see is whether looking at the circumstances of the case a particular trade mark is likely to deceive or to cause confusion.

This Court elaborated this principle further at p. 363 as under:

22. The principles of law applicable to such cases are well settled. The burden of proving that the trade mark 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 trade mark does not fall within the prohibition of Section 8 and therefore it should be registered. Moreover in deciding whether a particular trade mark is likely to deceive or cause confusion that duty is not discharged by arriving at the result by merely comparing it with the trade mark 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, would react to a particular trade mark, what association he would form by looking at the trade mark, and in what respect he would connect the trade mark with the goods which he would be purchasing.

13. In *Corn Products Refining Co. v. Shangrila Food Products Ltd.* [AIR 1960 SC 142]: [(1960) 1 SCR 968] this Court was again concerned with an appeal arising out of the decision of the Registrar pertaining to registration of a trade mark. M/s Shangrila Food Products had applied for registration of the mark "Gluvita" and M/s Corn Products, who were the owners of the registered trade mark "Glucovita" filed its objections to the registration of the respondent's mark. The Deputy Registrar came to the conclusion that the two words "Glucovita" and "Gluvita" were not visually or phonetically similar and that there was no reasonable likelihood of any deception being caused by, or any confusion arising from the use of the respondent's proposed mark. Against the decision of the Deputy Registrar, the appellant filed an appeal before the High Court. A Single Judge of the Bombay High Court came to the conclusion, disagreeing with the findings of the Deputy Registrar, that the two marks were sufficiently similar so as to be reasonably/likely to cause deception/confusion. The Division Bench, on an appeal, however, set aside the decision of the Single Judge and restored the decision of the Deputy Registrar. While allowing the appeal, it was observed at (SCR) p. 977 as follows:

We, therefore, think that the learned Appellate Judges were in error in deciding in favour of the respondent basing themselves on the series marks, having 'Glucov' or 'Vita' as a prefix or a suffix.

Dealing with the question as to whether there was likelihood of confusion between the two marks, which was the view taken by Desai, J. of the Bombay High Court in that case which was overruled by the Division Bench, this Court observed at p. 978 as follows:

We think that the view taken by Desai, J., is right. It is well known that the question whether the two marks are likely to give rise to confusion or not is a question of first impression. It is for the court to decide that question. *English cases proceeding on the English way of pronouncing an English word by Englishmen, which it may be stated is*

not always the same, may not be of much assistance in our country in deciding questions of phonetic similarity. It cannot be overlooked that the word is an English word which to the mass of the Indian people is a foreign word. It is well recognised that in deciding a question of similarity between two marks, the marks have to be considered as a whole. So considered, we are inclined to agree with Desai, J., that the marks with which this case is concerned are similar. Apart from the syllable 'co' in the appellant's mark, the two marks are identical. That syllable is not in our opinion such as would enable the buyers in our country to distinguish the one mark from the other.

14. In *Amritdhara Pharmacy v. Satya Deo Gupta* [AIR 1963 SC 449] the respondent had applied for the registration of the trade name "Lakshmandhara" in respect of a medicinal preparation for the alleviation of various ailments. This was opposed by the appellant whose trade name "Amritdhara" had already been registered in respect of similar medicinal preparation. The question, which arose, was whether the name "Lakshmandhara" was likely to deceive the public or cause confusion to the trade. While interpreting Sections 8 and 10 of the Trade Marks Act, this Court observed at pp. 452-54 as follows: (AIR paras 7-9)

7. It will be noticed that the words used in the sections and relevant for our purpose are 'likely to deceive or cause confusion'. The Act does not lay down any criteria for determining what is likely to deceive or cause confusion. Therefore, every case must depend on its own particular facts, and the value of authorities lies not so much in the actual decision as in the tests applied for determining what is likely to deceive or cause confusion. On an application to register, the Registrar or an opponent may object that the trade mark is not registrable by reason of clause (a) of Section 8, or sub-section (1) of Section 10, as in this case. In such a case the onus is on the applicant to satisfy the Registrar that the trade mark applied for is not likely to deceive or cause confusion. In cases in which the tribunal considers that there is doubt as to whether deception is likely, the application should be refused. A trade mark is likely to deceive or cause confusion by its resemblance to another already on the register if it is likely to do so in the course of its legitimate use in a market where the two marks are assumed to be in use by traders in that market. In considering the matter, all the circumstances of the case must be considered. As was observed by Parker, J. in *Pianotist Co.'s Application, Re* [(1906) 23 RPC 774 (p. 777)] which was also a case of the comparison of two words -

You must take the two words. You must judge them, both by their look and by their sound. You must consider the goods to which they are to be applied. You must consider the nature and kind of customer who would be likely to buy those goods. In fact you must consider all the surrounding circumstances; and you must further consider what is likely to happen if each of those trade marks is used in a normal way as a trade mark for the goods of the respective owners of the marks.

For deceptive resemblance two important questions are: (1) who are the persons whom the resemblance must be likely to deceive or confuse, and (2) what rules of comparison are to be adopted in judging whether such resemblance exists. As to confusion, it is perhaps an appropriate description of the state of mind of a customer who, on seeing a mark thinks that it differs from the mark on goods which he has

previously bought, but is doubtful whether that impression is not due to imperfect recollection. (See *Kerly on Trade Marks*, 8th Edn., p. 400.)

8. Let us apply these tests to the facts of the case under our consideration. It is not disputed before us that the two names 'Amritdhara' and 'Lakshmandhara' are in use in respect of the same description of goods, namely, a medicinal preparation for the alleviation of various ailments. Such medicinal preparation will be purchased mostly by people who instead of going to a doctor wish to purchase a medicine for the quick alleviation of their suffering, both villagers and townsfolk, literate as well as illiterate. As we said in *Corn Products Refining Co. v. Shangrila Food Products Ltd.* the question has to be approached from the point of view of a man of average intelligence and imperfect recollection. To such a man the overall structural and phonetic similarity of the two names 'Amritdhara' and 'Lakshmandhara' is, in our opinion, likely to deceive or cause confusion. We must consider the overall similarity of the two composite words 'Amritdhara' and 'Lakshmandhara'. We do not think that the learned Judges of the High Court were right in saying that no Indian would mistake one for the other. An unwary purchaser of average intelligence and imperfect recollection would not, as the High Court supposed, split the name into its component parts and consider the etymological meaning thereof or even consider the meaning of the composite words as 'current of nectar' or 'current of Lakshman'. He would go more by the overall structural and phonetic similarity and the nature of the medicine he has previously purchased, or has been told about, or about which has otherwise learnt and which he wants to purchase. Where the trade relates to goods largely sold to illiterate or badly educated persons, it is no answer to say that a person educated in the Hindi language would go by the etymological or ideological meaning and see the difference between 'current of nectar' and 'current of Lakshman'. 'Current of Lakshman' in a literal sense has no meaning; to give it meaning one must further make the inference that the 'current or stream' is as pure and strong as Lakshman of the Ramayana. An ordinary Indian villager or townsman will perhaps know Lakshman, the story of the Ramayana being familiar to him; but we doubt if he would etymologise to the extent of seeing the so-called ideological difference between 'Amritdhara' and 'Lakshmandhara'. He would go more by the similarity of the two names in the context of the widely-known medicinal preparation which he wants for his ailments.

9. We agree that the use of the word 'dhara' which literally means 'current or stream' is not by itself decisive of the matter. What we have to consider here is the overall similarity of the composite words, having regard to the circumstance that the goods bearing the two names are medicinal preparations of the same description. We are aware that the admission of a mark is not to be refused, because unusually stupid people, 'fools or idiots', may be deceived. A critical comparison of the two names may disclose some points of difference but an unwary purchaser of average intelligence and imperfect recollection would be deceived by the overall similarity of the two names having regard to the nature of the medicine he is looking for with a somewhat vague recollection that he had purchased a similar medicine on a previous occasion with a similar name. The trade mark is the whole thing — the whole word has to be

considered. In the case of the application to register 'Erectiks' (opposed by the proprietors of the trade mark 'Erector') Farwell, J., said in *William Bailey (Birmingham) Ltd.'s Application* [(1935) 52 RPC 136]:

I do not think it is right to take a part of the word and compare it with a part of the other word; one word must be considered as a whole and compared with the other word as a whole.

I think it is a dangerous method to adopt to divide the word up and seek to distinguish a portion of it from a portion of the other word.

15. Another case relating to medicinal product is that of *Durga Dutt Sharma v. Navaratna Pharmaceutical Laboratories* [AIR 1965 SC 980]. In that case the respondent, who manufactured medicinal products, had got the word "Navaratna" registered as a trade mark. The appellant who was carrying on the business in the preparation of Ayurvedic pharmaceutical products under the name of "Navaratna Kalpa" applied for registration of the words "Navaratna Kalpa" as a trade mark for his medicinal preparations. The objection of the respondent to the proposed registration prevailed. This led to proceedings which culminated in the appeals to this Court. The observations by this Court on the two aspects are very pertinent. Firstly, with regard to the difference between an action for passing off and action for infringement of trade mark, it observed at p. 990 as follows:

While an action for passing off is a common law remedy being in substance an action for deceit, that is, a passing off by a person of his own goods as those of another, that is not the gist of an action for infringement. The action for infringement is a statutory remedy conferred on the registered proprietor of a registered trade mark for the vindication of 'the exclusive right to the use of the trade mark in relation to those goods' (vide Section 21 of the Act). The use by the defendant of the trade mark of the plaintiff is not essential in an action for passing off, but is the sine qua non in the case of an action for infringement. No doubt, where the evidence in respect of passing off consists merely of the colourable use of a registered trade mark, the essential features of both the actions might coincide in the sense that what would be a colourable imitation of a trade mark in a passing-off action would also be such in an action for infringement of the same trade mark. But there the correspondence between the two ceases. In an action for infringement, the plaintiff must, no doubt, make out that the use of the defendant's mark is likely to deceive, but where the similarity between the plaintiff's and the defendant's mark is so close either visually, phonetically or otherwise and the court reaches the conclusion that there is an imitation, no further evidence is required to establish that the plaintiff's rights are violated. Expressed in another way, 'if the essential features of the trade mark of the plaintiff have been adopted by the defendant, the fact that the get-up, packing and other writing or marks on the goods or on the packets in which he offers his goods for sale show marked differences, or indicate clearly a trade origin different from that of the registered proprietor of the mark would be immaterial; whereas in the case of passing off, the defendant may escape liability if he can show that the added matter is sufficient to distinguish his goods from those of the plaintiff.

Secondly, while dealing with the question of burden of proof in an action for infringement of trade mark, this Court in *Durga Dutt Sharma* case held as under:

29. When once the use by the defendant of the mark which is claimed to infringe the plaintiff's mark is shown to be 'in the course of trade', the question whether there has been an infringement is to be decided by comparison of the two marks. Where the two marks are identical no further questions arise; for then the infringement is made out. When the two marks are not identical, the plaintiff would have to establish that the mark used by the defendant so nearly resembles the plaintiff's registered trade mark as is likely to deceive or cause confusion and in relation to goods in respect of which it is registered (vide Section 21). A point has sometimes been raised as to whether the words 'or cause confusion' introduce any element which is not already covered by the words 'likely to deceive' and it has sometimes been answered by saying that it is merely an extension of the earlier test and does not add very materially to the concept indicated by the earlier words 'likely to deceive'. But this apart, as the question arises in an action for infringement the onus would be on the plaintiff to establish that the trade mark used by the defendant in the course of trade in the goods in respect of which his mark is registered, is deceptively similar. This has necessarily to be ascertained by a comparison of the two marks - the degree of resemblance which is necessary to exist to cause deception not being capable of definition by laying down objective standards. The persons who would be deceived are, of course, the purchasers of the goods and it is the likelihood of their being deceived that is the subject of consideration. The resemblance may be phonetic, visual or in the basic idea represented by the plaintiff's mark. The purpose of the comparison is for determining whether the essential features of the plaintiff's trade mark are to be found in that used by the defendant. The identification of the essential features of the mark is in essence a question of fact and depends on the judgment of the court based on the evidence led before it as regards the usage of the trade. It should, however, be borne in mind that the object of the enquiry in ultimate analysis is whether the mark used by the defendant as a whole is deceptively similar to that of the registered mark of the plaintiff.

16. Dealing once again with medicinal products, this Court in *F. Hoffmann-La Roche & Co. Ltd. v. Geoffrey Manner & Co. (P) Ltd.* [(1969) 2 SCC 716] had to consider whether the word "Protovit" belonging to the appellant was similar to the word "Dropovit" of the respondent. This Court, while deciding the test to be applied, observed at pp. 720-21 as follows: (SCC para 7)

The test for comparison of the two word marks were formulated by Lord Parker in *Pianotist Co. Ltd.'s application* as follows:

You must take the two words. You must judge of them, both by their look and by their sound. You must consider the goods to which they are to be applied. You must consider the nature and kind of customer who would be likely to buy those goods. In fact, you must consider all the surrounding circumstances; and you must further consider what is likely to happen if each of those trade marks is used in a normal way as a trade mark for the goods of the respective owners of the marks. If, considering all those circumstances, you come to the conclusion that there will be a confusion, that is

to say, not necessarily that one man will be injured and the other will gain illicit benefit, but that there will be a confusion in the mind of the public which will lead to confusion in the goods - then you may refuse the registration, or rather you must refuse the registration in that case.

It is necessary to apply both the visual and phonetic tests. In *Aristoc Ltd. v. Rysta Ltd.*, 62 RPC 65 the House of Lords was considering the resemblance between the two words 'Aristoc' and 'Rysta'. The view taken was that considering the way the words were pronounced in English, the one was likely to be mistaken for the other. Viscount Maugham cited the following passage of Lord Justice Lukmoore in the Court of Appeal, which passage, he said, he completely accepted as the correct exposition of the law:

The answer to the question whether the sound of one word resembles too nearly the sound of another so as to bring the former within the limits of Section 12 of the Trade Marks Act, 1938, must nearly always depend on first impression, for obviously a person who is familiar with both words will neither be deceived nor confused. It is the person who only knows the one word and has perhaps an imperfect recollection of it who is likely to be deceived or confused. Little assistance, therefore, is to be obtained from a meticulous comparison of the two words, letter by letter and syllable by syllable, pronounced with the clarity to be expected from a teacher of elocution. The Court must be careful to make allowance for imperfect recollection and the effect of careless pronunciation and speech on the part not only of the person seeking to buy under the trade description, but also of the shop assistant ministering to that person's wants.

It is also important that the marks must be compared as wholes. It is not right to take a portion of the word and say that because that portion of the word differs from the corresponding portion of the word in the other case there is no sufficient similarity to cause confusion. The true test is whether the totality of the proposed trade mark is such that it is likely to cause deception or confusion or mistake in the minds of persons accustomed to the existing trade mark. Thus in *Lavroma* case [*Tokalon Ltd. v. Davidson & Co.*, 32 RPC 133], Lord Johnston said:

(w)e are not bound to scan the words as we would in a question of *comparatio literarum*. It is not a matter for microscopic inspection, but to be taken from the general and even casual point of view of a customer walking into a shop.

On the facts of that case this Court came to the conclusion that taking into account all circumstances the words "Protovit" and "Dropovit" were so dissimilar that there was no reasonable probability of confusion between the words either from visual or phonetic point of view.

17. Our attention was drawn to a recent judgment of this Court in *S.M. Dyechem Ltd. v. Cadbury (India) Ltd.* [(2000) 5 SCC 573] where in a passing-off action, the plaintiff, which was carrying on the business under the mark of "Piknik", filed a suit for injunction against the defendant which was using the mark of "Picnic" for some other chocolates sold by it. On the allegation that the defendant's mark was deceptively similar, the trial court had issued an injunction which was reversed by the High Court. On appeal, the decision of the High Court

was affirmed. One of the questions which this Court considered was that for grant of temporary injunction, should the court go by the principle of prima facie case, apart from balance of convenience, or comparative strength of the case of either parties or by finding out if the plaintiff has raised a “triable issue”? While considering various decisions on the point in issue, this Court rightly concluded at p. 591 as follows:

Therefore, in trade mark matters, it is now necessary to go into the question of ‘comparable strength’ of the cases of either party, apart from balance of convenience.

On merits of the case, this Court took note of some English decisions and observed in *Dychem* case at p. 594 that:

Where common marks are included in the rival trade marks, *more regard* is to be paid to the parts not common and the proper course is to look at the marks as a whole, but at the same time not to disregard the parts which are common.

This Court sought to apply the principle that dissimilarity in essential features in devices and composite marks are more important than some similarity. This Court, after considering various decisions referred to hereinabove, observed in *Dychem* case at p. 596 as follows:

34. Broadly, under our law as seen above, it can be said that stress is laid down on common features rather than on differences in essential features, except for a passing reference to a limited extent in one case.

Notwithstanding the aforesaid observations, this Court in *Dychem* case proceeded to observe as follows:

35. It appears to us that this Court did not have occasion to decide, as far as we are able to see, an issue where there were also differences in essential features nor to consider the extent to which the differences are to be given importance over similarities. Such a question has arisen in the present case and that is why we have referred to the principles of English law relating to differences in essential features which principles, in our opinion, are equally applicable in our country.

18. We are unable to agree with the aforesaid observations in *Dychem* case. As far as this Court is concerned, the decisions in the last four decades have clearly laid down that what has to be seen in the case of a passing-off action is the similarity between the competing marks and to determine whether there is likelihood of deception or causing confusion. This is evident from the decisions of this Court in the cases of *National Sewing Thread Co. Ltd.* case, *Corn Products Refining Co.* case, *Amritdhara Pharmacy* case, *Durga Dutt Sharma* case and *Hoffmann-La Roche & Co. Ltd.* case. Having come to the conclusion, in our opinion incorrectly, that the difference in essential features is relevant, this Court in *Dychem* case sought to examine the difference in the two marks “PIKNIK” and “PICNIC”. It applied three tests, they being: (1) is there any special aspect of the common feature which has been copied? (2) mode in which the parts are put together differently i.e. whether dissimilarity of the part or parts is enough to make the whole thing dissimilar, and (3) whether, when there are common elements, should one not pay more regard to the parts which are not common, while at the same time not disregarding the common parts? In examining the marks, keeping the aforesaid three tests in mind, it came to the conclusion, seeing the manner in which the two words were written

and the peculiarity of the script and concluded (at SCC p. 597, para 39) that “the above three dissimilarities have to be given *more* importance than the phonetic similarity or the similarity in the use of the word PICNIC for PIKNIK”.

19. With respect, we are unable to agree that the principle of phonetic similarity has to be jettisoned when the manner in which the competing words are written is different and the conclusion so arrived at is clearly contrary to the binding precedent of this Court in *Amritdhara* case where the phonetic similarity was applied by judging the two competing marks. Similarly, in *Durga Dutt Sharma* case it was observed that: (AIR p. 990, para 28)

In an action for infringement, the plaintiff must, no doubt, make out that the use of the defendant's mark is likely to deceive, but where the similarity between the plaintiffs and the defendant's mark is so close either visually, phonetically or otherwise and the court reaches the conclusion that there is an imitation, no further evidence is required to establish that the plaintiff's rights are violated.

20. Lastly, in *Dychem* case it was observed in para 54 as under: (SCC p. 600)

54. As to scope of a buyer being deceived, in a passing-off action, the following principles have to be borne in mind. Lord Romer, L.J. has said in *Payton & Co. v. Snelling, Lampard & Co.* [(1900) 17 RPC 48 : 16 TLR 56 (CA)] that it is a misconception to refer to the confusion that can be created upon an ignorant customer. The kind of customer that the courts ought to think of in these cases is the *customer who knows* the distinguishing characteristics of the *plaintiff's goods*, those characteristics which distinguish his goods from other goods in the market so far as relates to general characteristics. If he does not know that, he is not a customer whose views can properly be regarded by the Court. (See the cases quoted in *National Sewing Thread & Co. Ltd. v. James Chadwick & Bros. Ltd.* [AIR 1948 Mad 481] which was a passing-off action.) In *Schweppes* case [*Schweppes Ltd. v. Gibbens* (1905) 22 RPC 601 (HL)] Lord Halsbury said, if a person is so careless that he does not look and does not treat the label fairly but takes the bottle without sufficient consideration and without reading what is written very plainly indeed up the face of the label, you cannot say he is deceived.

These observations appear to us to be contrary to the decision of this Court in *Amritdhara* case where it was observed that the products will be purchased by both villagers and townfolk, literate as well as illiterate and the question has to be approached from the point of view of a man of average intelligence and imperfect recollection. A trade may relate to goods largely sold to illiterate or badly educated persons. The purchaser in India cannot be equated with a purchaser of goods in England. While we agree that in trade mark matters, it is necessary to go into the question of comparable strength, the decision on merits in *Dychem* case does not, in our opinion, lay down correct law and we hold accordingly.

21. It will be useful to refer to some decisions of American courts relating to medicinal products. In the case of *American Cynamid Corpn. v. Connaught Laboratories Inc.* [231 USPQ 128 (2nd Cir 1986)] it was held as under:

Exacting judicial scrutiny is required if there is a possibility of confusion over marks on medicinal products because the potential harm may be far more dire than that in confusion over ordinary consumer products.

22. It may here be noticed that Schedule 'H' drugs are those which can be sold by the chemist only on the prescription of the doctor but Schedule 'L' drugs are not sold across the counter but are sold only to the hospitals and clinics. Nevertheless, it is not uncommon that because of lack of competence or otherwise, mistakes can arise specially where the trade marks are deceptively similar. In *Blansett Pharmaceuticals Co. v. Carmick Laboratories Inc.*, [25 USPQ 2nd, 1473 (TTAB 1993)] it was held as under:

Confusion and mistake is likely, even for prescription drugs prescribed by doctors and dispensed by pharmacists, where these similar goods are marketed under marks which look alike and sound alike.

23. In the case of *Glenwood Laboratories, Inc. v. American Home Products Corpn.* [173 USPQ 19 (1972) 455 F Reports 2d, 1384 (1972)] the Court of the United States had held that:

The fact that confusion as to prescription drugs could produce harm in contrast to confusion with respect to non-medicinal products is an additional consideration for the Board as is evident from that portion of the opinion in which the Board stated: 'The products of the parties are medicinal and the applicant's product is contraindicated for the disease for which the opposer's product is indicated. It is apparent that confusion or mistake in filling a prescription for either product could produce harmful effects. Under such circumstances, it is necessary for obvious reasons, to avoid confusion or mistake in the dispensing of the pharmaceuticals.'

The board's view that a higher standard be applied to medicinal products finds support in previous decisions of this Court, *Clifton v. Plough* [341, F 2d 934, 936, 52, CCPA 1045, 1047 (1965)] ('it is necessary for obvious reasons, to avoid confusion in the dispensing of pharmaceuticals'), *Campbell Products, Inc. v. John Wyeth & Bro. Inc.* [143, F 2d 977, 979, 31 CCPA 1217 (1944)] ('it seems to us that where ethical goods are sold and careless use is dangerous, greater care should be taken in the use of registration of trade marks to assure that no harmful confusion results')."

24. In the case of *R.J. Strassenburgh Co. v. Kenwood Laboratories, Inc.* [106 USPQ 379 (1955)] as noted in the decision of *Morgenstern Chemical Co.* case, it had been held that:

Physicians are not immune from confusion or mistake. Furthermore it is common knowledge that many prescriptions are telephoned to the pharmacists and others are handwritten, and frequently handwriting is not unmistakably legible. These facts enhance the chances of confusion or mistake by the pharmacists in filling the prescription if the marks appear too much alike when handwritten or sound too much alike when pronounced.

25. The drugs have a marked difference in the compositions with completely different side effects, the test should be applied strictly as the possibility of harm resulting from any kind of confusion by the consumer can have unpleasant if not disastrous results. The courts need to be particularly vigilant where the defendant's drug, of which passing-off is alleged, is meant for

curing the same ailment as the plaintiff's medicine but the compositions are different. The confusion is more likely in such cases and the incorrect intake of medicine may even result in loss of life or other serious health problems. In this regard, reference may usefully be made to the case of *Glenwood Laboratories, Inc. v. American Home Products Corpn.* [173 USPQ 19 (1972) 455 F Reports 2d, 1384 (1972)] where it was held as under:

The products of the parties are medicinal and the applicant's product is contraindicated for the disease for which opposer's product is indicated. It is apparent that confusion or mistake in filling a prescription for either product could produce harmful effects. Under such circumstances it is necessary for obvious reasons, to avoid confusion or mistake in the dispensing of the pharmaceuticals.

26. It was further submitted on behalf of the appellant that although the possibility of confusion in a drug being sold across the counter may be higher, the fact that a drug is sold under prescription or only to physicians cannot by itself be considered a sufficient protection against confusion. The physicians and pharmacists are trained people yet they are not infallible and in medicines, there can be no provisions for mistake since even a possibility of mistake may prove to be fatal.

27. As far as the present case is concerned, although both the drugs are sold under prescription but this fact alone is not sufficient to prevent confusion which is otherwise likely to occur. In view of the varying infrastructure for supervision of physicians and pharmacists of medical profession in our country due to linguistic, urban, semi-urban and rural divide across the country and with high degree of possibility of even accidental negligence, strict measures to prevent any confusion arising from similarity of marks among medicines are required to be taken.

28. Here it will be useful to refer to the decision of *Morgenstern Chemical Co.* case where it has been held as under:

(5) In the field of medical products, it is particularly important that great care be taken to prevent any possibility of confusion in the use of trade marks. The test as to whether or not there is confusing similarity in these products even if prescribed and dispensed only by professionally trained individuals does not hinge on whether or not the medicines are designed for similar ailments. The rule enunciated by Judge Helen in *Cole Chemical Co. v. Cole Laboratories* [DC Mo 1954, 118 F Supp 612, 616, 617, 101, USPQ 44, 47, 48] is applicable here:

The plaintiff and the defendant are engaged in the sale of medical preparations. They are for ultimate human consumption or use ... They are particularly all for ailments of the human body. Confusion in such products can have serious consequences for the patient. Confusion in medicines must be avoided. * * *

Prevention of confusion and mistakes in medicines is too vital to be trifled with.

The observations made by Assistant Commissioner Leeds of the Patent Office in *R.J. Strasenburgh Co. v. Kenwood Laboratories, Inc.* [106 USPQ 379 (1955), USPQ 380] are particularly apt, that:

Physicians are not immune from confusion or mistake. Furthermore it is common knowledge that many prescriptions are telephoned to the pharmacists and others are handwritten, and frequently handwriting is not unmistakably legible. These facts enhance the chances of confusion or mistake by the pharmacists in filling the prescription if the marks appear too much alike when handwritten or sound too much alike when pronounced.

The defendant concedes that physicians and pharmacists are not infallible but urges that the members of these professions are carefully trained to detect difference in the characteristics of pharmaceutical products. While this is doubtless true to do so (*sic*) not open the door to the adoption by manufacturers of medicines of trade marks or names which would be confusingly similar to anyone not exercising such great care. For physicians and pharmacists are human and in common with the rest of mankind are subject to human frailties. In the field of medicinal remedies the courts may not speculate as to whether there is a probability of confusion between similar names. If there is any possibility of such confusion in the case of medicines public policy requires that the use of the confusingly similar name be enjoined [see *Lambert Pharmacol Ltd. v. Bolton Chemical Corpn.* DCNY 1915, 219 F 325.326].

29. In the book titled as *McCarthy on Trade Marks*, it is observed in the footnote at pp. 23-70 as under:

Physicians and pharmacists are knowledgeable in their fields does not mean they are equally knowledgeable as to marks and immune from mistaking one mark from another. [*Schering Corpn. v. Alza Corpn.* 207 USPQ 504 (TTAB 1980)]

30. In the case of *Syntex Laboratories Inc. v. Norwich Pharmacal Co.* [169 USPQ 1 (2nd Cir 1971)] it is observed as under:

Stricter standard in order to prevent likelihood of confusion is desirable where involved trade marks are applied to different prescribed pharmaceutical products and where confusion could result in physical harm to the consuming public.

31. Trade mark is essentially adopted to advertise one's product and to make it known to the purchaser. It attempts to portray the nature and, if possible, the quality of the product and over a period of time the mark may become popular. It is usually at that stage that other people are tempted to pass off their products as that of the original owner of the mark. That is why it is said that in a passing-off action, the plaintiff's right is

(A) against the conduct of the defendant which leads to or is intended or calculated to lead to deception. Passing-off is said to be a species of unfair trade competition or of actionable unfair trading by which one person, through deception, attempts to obtain an economic benefit of the reputation which another has established for himself in a particular trade or business. The action is regarded as an action for deceit.

32. Public interest would support lesser degree of proof showing confusing similarity in the case of trade mark in respect of medicinal products as against other non-medicinal products. Drugs are poisons, not sweets. Confusion between medicinal products may, therefore, be life threatening, not merely inconvenient. Noting the frailty of human nature and the pressures placed by society on doctors, there should be as many clear indicators as possible to distinguish

two medicinal products from each other. It is not uncommon that in hospitals, drugs can be requested verbally and/or under critical/pressure situations. Many patients may be elderly, infirm or illiterate. They may not be in a position to differentiate between the medicine prescribed and bought which is ultimately handed over to them. This view finds support from *McCarthy on Trade Marks*, 3rd Edn., para 23.12 of which reads as under:

The tests of confusing similarity are modified when the goods involved are medicinal products. Confusion of source or product between medicinal products may produce physically harmful results to purchasers and greater protection is required than in the ordinary case. If the goods involved are medicinal products each with different effects and designed for even subtly different uses, confusion among the products caused by similar marks could have disastrous effects. For these reasons, it is proper to require a lesser quantum of proof of confusing similarity for drugs and medicinal preparations. The same standard has been applied to medical products such as surgical sutures and clavicle splints.

33. The decisions of English courts would be relevant in a country where literacy is high and the marks used are in the language which the purchaser can understand. While English cases may be relevant in understanding the essential features of trade mark law but when we are dealing with the sale of consumer items in India, you have to see and bear in mind the difference in situation between England and India. Can English principles apply in their entirety in India with no regard to Indian conditions? We think not. In a country like India where there is no single common language, a large percentage of population is illiterate and a small fraction of people know English, then to apply the principles of English law regarding dissimilarity of the marks or the customer knowing about the distinguishing characteristics of the plaintiff's goods seems to overlook the ground realities in India. While examining such cases in India, what has to be kept in mind is the purchaser of such goods in India who may have absolutely no knowledge of English language or of the language in which the trade mark is written and to whom different words with slight difference in spellings may sound phonetically the same. While dealing with cases relating to passing off, one of the important tests which has to be applied in each case is whether the misrepresentation made by the defendant is of such a nature as is likely to cause an ordinary consumer to confuse one product for another due to similarity of marks and other surrounding factors. What is likely to cause confusion would vary from case to case. However, the appellants are right in contending that where medicinal products are involved, the test to be applied for adjudging the violation of trade mark law may not be on a par with cases involving non-medicinal products. A stricter approach should be adopted while applying the test to judge the possibility of confusion of one medicinal product for another by the consumer. While confusion in the case of non-medicinal products may only cause economic loss to the plaintiff, confusion between the two medicinal products may have disastrous effects on health and in some cases life itself. Stringent measures should be adopted specially where medicines are the medicines of last resort as any confusion in such medicines may be fatal or could have disastrous effects. The confusion as to the identity of the product itself could have dire effects on the public health.

35. Broadly stated, in an action for passing-off on the basis of unregistered trade mark generally for deciding the question of deceptive similarity the following factors are to be considered:

(a) The nature of the marks i.e. whether the marks are word marks or label marks or composite marks i.e. both words and label works.

(b) The degree of resemblance between the marks, phonetically similar and hence similar in idea.

(c) The nature of the goods in respect of which they are used as trade marks.

(d) The similarity in the nature, character and performance of the goods of the rival traders.

(e) The class of purchasers who are likely to buy the goods bearing the marks they require, on their education and intelligence and a degree of care they are likely to exercise in purchasing and/or using the goods.

(f) The mode of purchasing the goods or placing orders for the goods.

(g) Any other surrounding circumstances which may be relevant in the extent of dissimilarity between the competing marks.

36. Weightage to be given to each of the aforesaid factors depending upon facts of each case and the same weightage cannot be given to each factor in every case.

37. The trial court will now decide the suit keeping in view the observations made in this judgment. No order as to costs. Appeal disposed of.

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Milmet Oftho Industries v. Allergan Inc.

(2004) 12 SCC 624

S.N. VARIAVA, J. - 2. The appellants are an Indian pharmaceutical company. The respondents are also a pharmaceutical company which manufactures pharmaceutical products in several countries. The respondents filed a suit for an injunction based on an action for passing off in respect of the mark “OCUFLOX” used on a medicinal preparation manufactured and marketed by the respondents. The respondents claimed that they were the prior users of the mark OCUFLOX in respect of an eye-care product containing Ofloxacin and other compounds. They claimed that they first used this mark on 9-9-1992, after which they marketed the product in other countries like Europe, Australia, South Africa and South America and that they had obtained registration in Australia, Bolivia, Ecuador, Mexico, Peru, South Africa, Canada and the United States of America. They claimed that they had also applied for registration of the mark in several other countries including India and that their applications were pending. The appellants were selling “OCUFLOX”, a medicinal preparation containing CIPROFLOXACIN HCL to be used for the treatment of the eye and the ear. They claim that they coined the word “OCUFLOX” by taking the prefix “OCU” from “OCULAR” and “FLOX” from “CIPROFLOXACIN” which is the basic constituent of their product. The appellants were granted registration by the Food and Drug Control Administration on 25-8-1993. They had also applied for registration of the mark OCUFLOX in September 1993. Their application is also pending.

3. On 18-12-1996 the respondents got an ad interim injunction. This injunction, however, was vacated on 29-1-1997. The Single Judge held that the respondents’ product was not being sold in India and the appellants having introduced the product first in India, the respondents were not entitled to an injunction.

4. The appeal filed by the respondents had been allowed by the impugned judgment. The impugned judgment has taken note of the law laid down by this Court. It has been held that the respondents were first in the market and, therefore, they were entitled to an injunction.

5. The law on the subject is well settled by a number of decisions. It is not necessary to set out all those decisions. It would suffice to refer to only two decisions.

6. In the case of *N.R. Dongre v. Whirlpool Corpn.* [(1996) 5 SCC 714] the appellants got registered the mark “Whirlpool” in respect of washing machines. Whirlpool Corporation filed a suit for passing-off action brought by the respondents to restrain the appellants from manufacturing, selling, advertising or in any way using the trade mark “Whirlpool” of their product. It was held that the passing-off action was maintainable in law even against the registered owner of the trade mark. It was held that the name of “Whirlpool” was associated for long with Whirlpool Corporation and that its transborder reputation extended to India. It was held that the mark “Whirlpool” gave an indication of the origin of the goods as emanating from or relating to Whirlpool Corporation. It was held that an injunction was a relief in equity and was based on equitable principles. It was held that the equity required that an injunction be granted in favour of Whirlpool Corporation. It was held that the refusal of an injunction could cause irreparable injury to the reputation of Whirlpool Corporation, whereas grant of an

injunction would cause no significant injury to the appellants who could sell their washing machines merely by removing a small label bearing the name “Whirlpool”.

7. In the case of *Cadila Health Care Ltd. v. Cadila Pharmaceuticals Ltd.* [(2001) 5 SCC 73] the question was whether the marks “Falicigo” and “Falcitab” were deceptively similar. The trial court refused interim injunction. The appeal was also dismissed. This Court did not interfere on the ground that the matter required evidence on merits but laid down principles on which such cases were required to be decided. This Court held that in a passing-off action for deciding the question of deceptive similarity the following facts had to be taken into consideration: (SCC p. 95, para 35)

35. (a) The nature of the marks i.e. whether the marks are word marks or label marks or composite marks i.e. both words and label works.

(b) The degree of resemblance between the marks, phonetically similar and hence similar in idea.

(c) The nature of the goods in respect of which they are used as trade marks.

(d) The similarity in the nature, character and performance of the goods of the rival traders.

(e) The class of purchasers who are likely to buy the goods bearing the marks they require, on their education and intelligence and a degree of care they are likely to exercise in purchasing and/or using the goods.

(f) The mode of purchasing the goods or placing orders for the goods.

(g) Any other surrounding circumstances which may be relevant in the extent of dissimilarity between the competing marks.

In respect of medicinal products it was held that exacting judicial scrutiny is required if there was a possibility of confusion over marks on medicinal products because the potential harm may be far more dire than that in confusion over ordinary consumer products. It was held that even though certain products may not be sold across the counter, nevertheless, it was not uncommon that because of lack of competence or otherwise mistakes arise specially where the trade marks are deceptively similar. It was held that confusion and mistakes could arise even for prescription drugs where similar goods are marketed under marks which looked alike and sound alike. It was held that physicians are not immune from confusion or mistake. It was held that it was common knowledge that many prescriptions are telephoned to the pharmacists and others are handwritten, and frequently the handwriting is not legible. It was held that these facts enhance the chances of confusion or mistake by the pharmacists in filling the prescription if the marks appear too much alike.

8. We are in full agreement with what has been laid down by this Court. Whilst considering the possibility of likelihood of deception or confusion, in present times and particularly in the field of medicine, the courts must also keep in mind the fact that nowadays the field of medicine is of an international character. The court has to keep in mind the possibility that with the passage of time, some conflict may occur between the use of the mark by the applicant in India and the user by the overseas company. The court must ensure that public interest is in no way imperilled. Doctors, particularly, eminent doctors, medical practitioners and persons or companies connected with the medical field keep abreast of latest developments in medicine and preparations worldwide. Medical literature is freely available in this country. Doctors,

medical practitioners and persons connected with the medical field regularly attend medical conferences, symposiums, lectures, etc. It must also be remembered that nowadays goods are widely advertised in newspapers, periodicals, magazines and other media which is available in the country. This results in a product acquiring a worldwide reputation. Thus, if a mark in respect of a drug is associated with the respondents worldwide it would lead to an anomalous situation if an identical mark in respect of a similar drug is allowed to be sold in India. However, one note of caution must be expressed. Multinational corporations, which have no intention of coming to India or introducing their product in India should not be allowed to throttle an Indian company by not permitting it to sell a product in India, if the Indian company has genuinely adopted the mark and developed the product and is first in the market. Thus, the ultimate test should be, who is first in the market.

9. In the present case, the marks are the same. They are in respect of pharmaceutical products. The mere fact that the respondents have not been using the mark in India would be irrelevant if they were first in the world market. The Division Bench had relied upon material which prima facie shows that the respondents' product was advertised before the appellants entered the field. On the basis of that material the Division Bench has concluded that the respondents were first to adopt the mark. If that be so, then no fault can be found with the conclusion drawn by the Division Bench.

10. However, it was submitted on behalf of the appellants that the respondents were not the first to use the mark. It was submitted that there was no proof that the respondents had adopted the mark and used the mark before the appellants started using the mark in India. In our view, these are matters which would require examination on evidence. Considering the fact that for all these years, because of the injunction order, the appellants have sold their product under some other name, the balance of convenience is that the injunction order be continued and the hearing of the suit be expedited. If on evidence it is proved that the respondents had adopted the mark prior to the appellants doing so, on the settled law, then the respondents would become entitled to an injunction. However, if on evidence it is shown that the respondents had not adopted the mark prior to its use in India by the appellants then, undoubtedly, the trial court would vacate the injunction. The trial court would, undoubtedly, then assess the damage which the appellants have suffered for having wrongly not been allowed to use the mark for all these years.

11. With these directions, the appeal stands disposed of. There will be no order as to costs. The suit stands expedited. The trial court is requested to dispose of the suit as early as possible and in any case within a period of 6 months from today.

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Balkrishna Hatcheries v. Nandos International Ltd.

2007(35)PTC295(Bom)

“Registered marks have distinctive character or repute and by use of such mark without due cause amounts to taking unfair advantage of or detrimental to distinctive character or repute of registered mark.”

“A trade mark registered for goods or services will confer upon the proprietor a monopoly only in respect of that class of goods or services mentioned in registration certificate and not for any other goods or services.”

“To establish tort of passing-off Defendant must have sold goods or offered its services in a manner which has deceived or would be likely to deceive public into thinking that Defendant’s goods and services are same of Plaintiffs.”

D.K. DESHMUKH, J. - 1. This Notice of Motion is taken out by the Plaintiffs. The Plaintiffs have filed the present suit for infringement on the basis of their registered trade-mark, of which, according to the plaintiffs, word "Nandus" is an essential feature. The said mark "Nandus" is registered in respect of processed and frozen meat products and the said registration is valid and subsisting.

2. The Plaintiffs contention is that the Defendants are using impugned mark "Nandos" in respect of similar goods and/or similar services as that of the Plaintiffs. The Plaintiffs in the suit pray for a permanent injunction restraining the Defendants from in any manner using in relation to any eatable goods or restaurant or hotelling services or processed and frozen chicken and meat products the impugned trade-mark "Nandos" or any other deceptively similar trade-mark so as to infringe the Plaintiffs registered trade-mark "Nandu". A perpetual injunction on the same terms in relation to passing off is also claimed. By this notice of motion temporary injunction in the similar terms is sought.

3. The Plaintiffs Suit is based on the following allegations:

(a) Infringement of the Plaintiffs trade mark, consisting of Nandus written in a stylized manner and the device of a cockerel, both enclosed in a hat shaped outline. The registration is in Part B and in respect of Processed or Frozen Meat products falling in Class 29 of Schedule IV to the Trade Marks Rules 2002 ("the first trade mark"). The first trade mark was registered on 4th July 1989;

(b) A second trade mark was subsequently adopted by the Plaintiff in 2005 consisting of the word Nandus enclosed within an oval shaped structure in white colour with red outline and a gift tag structure occupying the centre expression Heat n Eat depicted in black colour below the oval structure.

(c) It is alleged that both the first trade mark and the second trade mark have acquired distinctiveness in India and are associated by traders and members of the public exclusively with the Plaintiff. It is alleged that the Defendants mark Nandos is almost identical with and/or deceptively similar to the Plaintiffs registered trade mark (i.e. the first trade mark). That by using the mark Nandos the Defendants are passing off the Defendants goods and/or services as

the goods and/or services of the Plaintiff or that they are in some way connected with the Plaintiff.

4. The Plaintiff alleges that:

- (i) it carried on poultry business; and
- (ii) in course of time, started manufacturing and marketing processed and frozen chicken and meat products such as chicken kebabs, chicken nuggets, fried chicken, boneless chicken, chicken legs and other varieties of chicken products as well as meat pies , meat tenderizers;
- (iii) it adopted the first trade mark In respect of the said business.
- (iv) it has been extensively widening its product line and services by introduction of other food related products namely curries, biryanis, including vegetarian products in ready to eat form.
- (v) The Plaintiffs products came to be sold at food service outlets such as fast food counters, highway eateries and take away counters.

5. The 1st Defendant claims to be a major international chain running fast food outlets and the restaurant business, it serves Afro Portuguese cuisine (vegetarian and non-vegetarian and using the peri-peri chilly) and sells sauces under the trade mark Nandos. The 1st Defendant has stated to this Honble Court that in future in India it will not sell its sauces other than at restaurants.

6. Admittedly,(i) the Plaintiffs have not been and are not engaged in the business of restaurants, cafes, snack bars and/or other heat and eat outlets for sale of food items, beverages and food related products at all, much less under the trade mark Nandu. The Plaintiff merely states that the Plaintiffs "plan to open" such restaurants etc. (ii) the second trade mark is not registered and was adopted by the Plaintiff only in or about the year 2005.

7. The Plaintiffs have filed an affidavit in support of the motion. A detailed reply has been filed by the Defendants. The parties have also produced documents in support of their respective cases.

8. I have heard the learned Counsel appearing for both sides in detail, they have taken me through all the pleadings and documents. They also relied on several authorities in support of their respective contentions. For the purpose of deciding this Notice of Motion, in my opinion, it can be assumed that the first Defendants mark "Nandos" is similar to the Plaintiffs mark "Nandus". The Plaintiffs entire case on infringement is necessarily based on its one registered trade-mark i.e. the first trade-mark which is registered in Class 29 for "Processed or Frozen Meat Products." Hence as regards infringement any other business of the Plaintiffs including business in other non-meat food products and in ready to eat form is not relevant. So far as the aspect of infringement is concerned, the learned Counsel appearing for the Plaintiffs made three submissions based on the provisions of Section 29(1), 29(2)(b) and 29(4) of the Trade Mark Act, 1999 (hereinafter referred to as the said Act.)

9. Perusal of Section 29(1) of the said Act shows that it is equivalent to Section 29(1) of the 1958 Act.

- (i) It enables an action for infringement of a registered mark when a mark which is identical or deceptively similar thereto is used "in relation to goods or services in respect

of which the trade mark is registered and in such manner as to render the use of the mark likely to be taken as being used as a trade mark."

(ii) Thus the Plaintiff will have to establish under Section 29(1) that identical or deceptively similar mark is being used by the Defendants in relation to the same goods or services i.e. processed or frozen meat products.

(iii) It is an admitted position that the Defendants do not sell processed or frozen meat products at all, much less from their Restaurant. Even the Plaintiff does not allege this. The 1st Defendant in its Affidavit in Reply dated 1st March, 2007 has made it clear that the Defendants do not sell processed or frozen meat products.

(iv) Hence no case of infringement under Section 29(1) has been made out by the Plaintiff.

10. Section 29(2) of the Trade Marks Act, 1999 reads as follows:

(2) A registered trade mark is infringed by a person who, not being a registered proprietor or a person using by way of permitted use, uses in the course of trade, a mark which because of (a) its identity with the registered trade mark and the similarity of the goods or services covered by such registered trade mark; or (b) its similarity to the registered trade mark and the identity or similarity of the goods or services covered by such registered trade mark; or (c) its identity with the registered trade mark and the identity of the goods or services covered by such registered trade mark, is likely to cause confusion on the part of the public, or which is likely to have an association with the registered trade mark.

11. Under Section 29(2)(b), the Plaintiff would have to establish:

(a) That the 1st Defendants mark "Nandos" is similar to the Plaintiffs mark "Nandus".

(b) That the 1st Defendants service of running restaurants/food outlets and the 1st Defendants goods viz sauces/condiments that are sold, are similar to the goods sold by the Plaintiff under its registered trade mark for Processed or Frozen Meat Products.

(c) That such similarity is likely to cause the public to confuse or associate the Defendants mark with that of the Plaintiffs.

12. In the context of provisions of the said Act, the similarity or association that is referred to in Section 29 can only be a similarity between goods and goods or a similarity between services and services and cannot be similarity between goods on the one hand and services on the other. This is for the following reasons:

(i) Under The Trade Marks Act 1958 (the 1958 Act or the Old Act) a trade mark could not be registered in respect of services. Any infringement by use of the registered trade mark or a mark deceptively similar to the registered trade mark had to be in relation to any goods in respect of which the trade mark was registered and in such manner as to render use of the mark likely to be taken as being used as a trade mark. Section 29(1) of the 1958 Act corresponds to Section 29(1) of the said Act save and except for the inclusion of the word "services" under section 29(1) of the said Act. The term "goods" was defined under Section 2(1)(g) of the 1958 Act as meaning any thing which is the subject of trade or manufacturing i.e. clearly excluding

services. The 4th Schedule to the Trade Marks Rules 1959 (the old rules or the 1959 Rules) classifies only goods under 34 different classes. These classes corresponded to Entries 1 to 34 of the 4th Schedule to the Trade Marks Rules 2002 (the 2002 rules or the new rules). Hence under the 1958 Act there was no question of any infringement in respect of services.

(ii) As stated in the Objects and Reasons to the Trade Marks Act 1999 certain far reaching changes were made to the existing law governing trade marks. One of the major changes was the incorporation of the provision for registration of trade marks for services, in addition to their registration for goods.

(iii) The scheme and provisions of the Said Act clearly disclose the dichotomy between goods on the one hand and services on the other. Section 2(i)(j) defines goods in identical terms to the 1958 Act i.e. as meaning anything which is the subject of trade or manufacture. However Section 2(1)(z) added a definition of the term "services" as follows:

(z) "service" means service of any description which is made available to potential users and includes the provision of services in connection with business of any industrial or commercial matters such as banking, communication, education, financing, insurance, chit funds, real estate, transport, storage, material treatment, processing, supply of electrical or other energy, boarding, lodging, entertainment, amusement, construction, repair, conveying of news or information and advertising.

(iv) Furthermore Section 2(2) provides that, in this Act unless the context otherwise requires any reference

(a) ...;

(b) ...;

(c) to the use of a mark,

(i) in relation to goods, shall be construed as a reference to the use of the mark upon, or in any physical or in any other relation whatsoever, to such goods;

(ii) in relation to services, shall be construed as a reference to the use of the mark as or as part of any statement about the availability, provision or performance of such services;

The aforesaid provision indicates that the use of the mark in relation to goods is distinct from the use of the mark in relation to services.

(iii) Section 28(1) of the said Act reads as below:

Rights conferred by registration - (1) Subject to the other provisions of this Act, the registration of a trade mark shall, if valid, give to the registered proprietor of the trade mark the exclusive right to the use of the trade mark in relation to the goods or services in respect of which the trade mark is registered and to obtain relief in respect of infringement of the trade mark in the manner provided by this Act.

Section 28(1) confer upon the registered proprietor a statutory monopoly to use the trade mark in relation to the goods or services in respect of which the trade mark is registered. This would mean that a trade mark registered for goods or for any particular goods will confer upon the proprietor a monopoly only in respect of that class or if the registration is narrow only in respect of the goods for which the registration is given within a particular class. Similarly, the

monopoly over the mark qua services would be restricted to only those services mentioned in the registration certificate. In the present case, as the Plaintiffs registration certificate discloses that the first trade mark is only in respect of "processed and frozen meat products" falling in Class 29 of Schedule IV to the 2002 Rules. The mark confers upon the Plaintiff the exclusive right to use the trade mark in respect of processed or frozen meat product and qua no other goods.

(iv) Section 29(2) must necessarily be interpreted with this in mind otherwise by the method of action for infringement under Section 29(2), the proprietor would be able to expand its statutory monopoly to a different class of goods or even to services.

(v) The distinction between goods and services is also made clear by the provisions of the 2002 Rules. Under Rule 22(1) of the 2002 rules, goods and services are to be classified in the manner specified in Fourth Schedule. The Fourth Schedule contains various classes of goods similar to the Fourth Schedule to the 1959 Rules (Classes 1-34). Thereafter under a separate heading "SERVICES" follow Classes 35 to 42. Classes 35 to 42 are exclusively services making it clear that Class 1 to 34 are exclusively goods. Significantly Clause 42 also includes "Providing of food and drink" which would mean food items listed in class 29 to 34 do not include any services in respect of food items and drinks. Secondly Class 42 also contains a residuary class i.e. "services that cannot be classified in other classes". This residuary class applies only to services and does not extend to goods. This would mean that only goods which fall within the expressly specified classes in Class 1 to 34 are classifiable. Goods that are otherwise related to services but are not mentioned in Class 1 to 35 do not receive protection under the said Act. This also shows that goods and services are treated separately.

(vi) The most significant guide is to be found in Section 2(3) of the said Act which is reproduced below:

2(3) For the purposes of this Act, goods and services are associated with each other if it is likely that those goods might be sold or otherwise traded in and those services might be provided by the same business and so with descriptions of goods and descriptions of services.

Associated Trade Marks are defined under Section 2(1)(c):

2(1)(c) "Associated trade marks" means trade marks deemed to be, or required to be, registered as associated trade marks under this Act.

13. Under Section 16 of the said Act, a trade mark can be registered or is deemed to be registered as an associated trade mark if it satisfies the conditions set out therein which include the requirements that both the marks must be in the name of the same proprietor and in respect of goods and services which are associated with those goods. Under Section 44 of the said Act, the associated trade marks are assignable and transmissible only as a whole and not separately. From the aforesaid provisions it is clear that for goods and services to be associated with each other and to be registered or to be deemed to be registered the following requirements are essential:

(a) The goods which must be sold or traded in and the services to be provided must be by the same business.

(b) That the trade mark in respect of the associated goods and services must be registered in the name of the same proprietor.

(c) The use of the trade mark in respect of the same goods or description of goods or the same services or description of services is identical to that which is registered in the name of the same proprietor; and

(d) The marks are either identical or there is such a close resemblance as is likely to deceive or cause confusion if used by a person other than the proprietor.

(ii) Section 2(3) represents the only point of convergence between goods and services in the Said Act. It represents the legislative intent that goods and services can be said to be associated only if the aforesaid provisions are satisfied.

(iii) In a American decision *Lloyds Food Product Inc. v. Elis Inc* 987 F 2d 766 the United States Court of Appeal Federal Circuit decided an infringement action brought by Lloyds Food Products (the registered Proprietor of the mark "Lloyds" for food products) against Elis Inc from using the mark "Lloyds" for restaurant services. The Court of Appeal Federal Circuit held as follows:

The marks at issue in the cases relied upon by the board were used in conjunction with the sale of goods not with the provisions of services. A service mark is different from a mark for goods, especially, in the manner it is used in commerce. The legally significant use giving rise to rights in a mark for goods is derived from the placing of the mark in some manner on the goods either directly or on their containers or packing 15 U.S.C. 1127 (1988) A service mark on the other hand, entails use in conjunction with the offering and providing of a service. This makes all the more important the use of the mark in Sales or advertising materials of different descriptions.

(iv) The position under the new Trade Mark Act 1994 in England is somewhat different. The 1994 English Act also gives protection to trade mark in respect of services. However, the concept of an associated mark i.e. association between marks concerning goods and services has been deleted and no longer finds place in the English Trade Marks Act, 1994. The concept of associated marks was a part of the previous Act viz. The Trade Mark Act 1938. Secondly Section 9(1) of the Trade Marks Act 1994 which corresponds to Section 28(1) of the said Act does not describe goods and services separately as does our Section 28(1). (v) Hence no question can arise under Section 29(2) of the said Act of even undertaking the exercise of comparing the Plaintiffs goods in respect of which it has registration i.e. processed and frozen meat products with 1st Defendants service of the restaurant business.

14. Assuming that goods may be considered similar to services the guiding principles and factors that are relevant in considering whether there is similarity between goods/services are as follows:

(i) The English Trade Marks Act, 1938 contained a phrase "goods of the same description" which was relevant in deciding application for registration. There is a line of authorities that explain this phrase.

(ii) In the *matter of Application by Ladislav Jellinek* [(1946) 63 RPC 59], Mr. Justice Romer enunciated three tests that should be employed to determine this question. The case was

one of the use of the mark "Panda" on shoes and on shoe polish. Mr. Justice Romer thought that three considerations were relevant:

- a) The nature and composition of the goods;
- b) The respective use of the goods;
- c) The trade channels through which the respective goods are bought and sold.

Upon taking evidence and applying these Tests Mr. Justice Romer held that shoes and shoe polish, were not goods of the same description.

(iii) In *J Lyons & Loy Application* (1959) RPC 120, the Court of Appeal was considering the trade mark "Hostess" in its use upon jellies and Ice cream. In this connection Lord Justice Evershed held as follows:

...But however, that may be and in cases of this kind I venture to doubt whether the question of onus should be given quite the same strict significance as in a pleading in a Common Law action" the problem, upon all the evidence before us, may now be shortly stated thus: Are jellies, or jelly tablets, goods of the same description as ice cream" If they are then the question at once claims an answer. What is the description? What form of but without also comprehending categories of other goods which might fairly in common sense be said not to be of the same description as either

The answer to the question propounded by Mr. Levy was, "sweets", using that word as signifying the sweet course in a menu, dessert in French, rather than sweetmeats that is, chocolates and the like what, according to Mr. Levy, is known as in popular modern jargon as afters. My difficulty about this simple solution lies in the fact that it would apparently comprehend an extremely wide variety of foodstuffs, ranging from fruit salad to a steamed suet pudding; and I am not satisfied, or my part, that, whatever may be said of jellies a suet pudding could, by any sensible standard (other than its use as a sweet course) be regarded as goods of the same description as ice cream. A solution may, however, be provided by limiting the class of sweets somewhat thus a light sweet course or refreshment also commonly provided at buffets, garden parties, and similar festivities.... To all these cases the oft-quoted proposition that each was decided on its own particular facts is, to my mind, peculiarly applicable. In all cases of this kind regard will be had to such matters as the nature and composition of the goods, to their respective uses and functions, and to the trade channels through which respectively they are marketed or sold; and in different cases (as Mr. Levy observed) one (but not always the same one) of these characteristics may have greater significance or emphasis than the others. The matter falls to be judged, as Lindley, L.J. observed in the case already quoted, in a business sense; and this is to my mind made clear which the problem has to be judged. By the Trade Marks legislation Parliament has provided that a registered proprietor of a mark, to be used by him in the course of his trade, has a monopoly right to that mark as an indication of by considering the legislative background against the trade source or origin of the goods, and the restriction contemplated by Section 26 is an incident of the general legislative purpose. The question whether the goods are or not goods of the same description must therefore (I think) be one to be answered in the context of that purpose; and having regard to that context, the cases cited, and particularly *McDowells* case and the Australian Wine case, lend some support to the view that the phrase "goods of the same description" ought not to be given too restrictive a

construction not, at all events, so as to be limited to goods substantially analogous in kind, or commonly used as mere substitutes or alternatives the one for the other.

Lord Justice Romer (at page 133) applied the three tests laid down by him in *Jellinek* to hold that Jellies and Ice Cream were goods of the same description.

Lord Justice Ormerod (at page 135-136) held as follows:

Mr. Aldous submitted that the goods could not be regarded as of the same nature. They were made from different ingredients and by different processes of manufacture. So far as user was concerned he did, I think, agree that they might and frequently were used for the same purpose, that is for the "sweet" or "desert" course of a dinner, but said that the variety of foodstuffs that could be so used was so wide that such a user could not be regarded as conclusive. Equally with regard to the use of the same trade channels for marketing the goods it was conceded that although jelly tablets would generally be found in a grocers shop and ice cream would more commonly be sold by a confectioner, yet from time to time both would be sold by a grocer or a confectioner. But again so many other foodstuffs are sold by grocers and confectioners that such a description in itself would clearly be much too wide. This case appears to be very much on the border-line. It is not easy to find a description which can be applied both to table jellies and ice cream which would not at the same time apply to other foodstuffs which on common sense or business principles could not be regarded as of the same description. For decision on the matter. But the Assistant Comptroller and the learned Judge both appear to have been of the opinion, without so finding in terms, that the goods are of the same description, and if it were necessary to decide the question now I should myself, I have had some difficulty in coming t a not feel justified in differing from their opinions. Perhaps the answer is to be found in the words of the Judge when he says "Both jellies and ice cream in the prepared for table form are well known as alternative confections for a dessert course to observe a common use". A hostess wishing to have a cold confection for the desert or sweet course might well consider the alternatives of ice cream and table jelly.

(iv) *Daiquiri Rum TRADE MARK* (1969) R.P.C. 600 (House of Lords). The test laid down in *Jellinek & Lyons* were applied (at 613 and 615) Lord Wilberforce (at page 620) held as follows:

The expression "goods of the same description" is used elsewhere in the Trade Marks Act, 1938, in particular Sections 12 and 26, and no reason appears why it should not bear the same meaning throughout. The words are not perhaps self-explanatory. Taken by themselves, they would suggest that it is necessary to search for a description, by species, genus or wider category which would include all the goods in question. Taken in relation to the Act of 1938, they might suggest a grouping by reference to the classification of goods for trade mark purposes contained in the Third or Fourth Schedules to the Trade Marks Rules. But reference to the classification shows at once that this cannot be the basis of "description" for there are many cases where a single class contains goods of different descriptions while goods which one would think were of the same description may be found in different classes. Nor, on the more general test, is it sufficient to find a single trade description covering each of the goods in question. Thus, in *Lyons and Co. Ltd. Application* [1959] R.P.C. 120, "sweets" though

covering ice-cream and jellies was thought to be too wide a description to be suitable. Lord Wilberforce accepted the test to be a business and practical test (at page 620 line 23 and 24)

...test of sameness in description has rightly been taken to be a business and practical test, and would accept the utility for most purposes of the matters stated as relevant by Romer, J. in *Jelineks Application* (1946) 63 R.P.C.

(v) The leading case of *British Sugar Plc v. James Robertson & Sons Ltd.* [1996] R.P.C. 281 (at page 296) identified certain essential factors whilst considering a provision identical to our section 29(2) viz section 10(2) of the Trade Marks Act 1994 in the U.K. He also held that the tests for similarity were the same as used to decide whether goods were of the same description, Justice Jacob held as follows:

think the sort of considerations the court must have in mind are similar to those arising under the old Act in relation to goods of the same description. I do not say this because I believe there is any intention to take over that conception directly There plainly is not. But the purpose of the conception in the old Act was to prevent marks from conflicting not only for their respective actual goods in the Directive and Ad is to provide protection and separation for a similar sort of penumbra. Thus think the following factors must be relevant in considering whether there is or is no similarity:

- (a) The respective uses of the respective goods or services;
- (b) The respective users of the respective goods or services;
- (c) The physical nature of the goods or acts of service;
- (d) The respective trade channels through which the goods or services reach the market;
- (e) In the case of self-serve consumer items, where in practice they are respectively found or likely to be found in supermarkets and in particular whether they are, or are likely to be, found on the same or different shelves;
- (f) The extent to which the respective goods or services are competitive. This inquiry may take into account how those in trade classify goods, for instance whether market research companies, who of course act for industry, put the goods or services in the same or different sectors.

Applying the aforesaid tests Justice Jacob held that the toffee spread being sold by James Robertson and Sons was not similar to the dessert sauces and syrups for which British Sugar had the registered trade mark "Treat"

(vii) In *Baywatch Production Co. Inc. v. The Home Video Channel* reported in [1997] FSR 22 it has been held (at pages 28-32):

(a) If there is no similarity of goods or services then the question of whether there is likelihood of confusion because of that similarity does not arise;

(b) It is not sufficient if one mark merely leads to a likelihood of recall of the other mark (relying on *Wagamama Ltd. v. City Centre Restaurant Pic* [(1995) FSR 713].

(viii) *Kerly's Law of Trade Mark & Trade Names* (14th Edition) introduces a further character viz the distinctive character and strength of the earlier trade mark. Relying on the decision of the European Court of justice in *Canon v. MQM* [(1999) RPC117], Kerly observes

(in Para 9-051). The Court held (at para 24) that the distinctive character of a trade mark, and in particular its reputation, must be taken into account when determining whether the similarity between the goods or services covered by the two marks is sufficient to give rise to the likelihood of confusion. In so finding the Court was clearly following the decision in Sabel that the likelihood of confusion must be assessed globally taking into account all relevant matters.

(ix) The Plaintiffs cited *Corn Product Refining Company v. Shangrila Food Products Ltd.* . At para 19 the Supreme Court referred to the Jellinek case. At paras 20 and 21 the Supreme Court then referred to the evidence in the form of Affidavits, to hold that it has been established that there was a trade connection between glucose and biscuits and that there was likelihood of confusion or deception arising from such trade connection. In the present case no such trade connection has been pleaded, much less been established, between processed and frozen meat products on the one hand and Restaurant services and sale of foods sauces (in Super markets etc.) on the other hand.

(i) The Plaintiff has relied upon *Mc Carthy on Trademarks and Unfair Competition* 4th Edition Volume IV at paragraphs 24:25 and certain American decisions to argue that there is a per se similarity or likelihood of confusion between restaurant services and food products.

(a) What is apparent from the decision cited by Plaintiff as also from certain other decisions relied upon by the 1st Defendant, is that there is no per se rule of such similarity between restaurant services and food products. Each case has to be determined on its facts.

(b) Moreover, the decisions cited by the Plaintiff [save and except one or two decisions of the Registrar of Trade Marks USA are all cases concerning goods/services being compared to goods/services.

(ii) In Giant Food Inc and Nations Food Service Inc., the applicant for registration (Nations Food Services Inc) was admittedly in the business of food product such as hamburger, sandwiches etc. and restaurant services. The Opposer Giant Food nc. was in also both food products as well as the business of catering Services. These catering services were distinct from the two restaurants initially operated by the Opposer and later closed by it. Giant Food is therefore distinguishable because

(a) This is a case between goods and services of the Applicant on the one hand and goods and service of the Opposer on the other hand. It is not a case of goods v/s services.

(b) Secondly, as set out at page 6 of the report, the American Court relied on other cases that indicated that the services performed by the two parties were not totally unrelated and that super market service of food items were related to catering and restaurant services.

(c) Thirdly, the Court also noted and relied on the strength and fame of the Opposers mark and the considerable exposure it enjoyed through the media to hold that the evidence showed that the Opposers mark is well known in its area of operation and that consumers associate the marks GIANT and GIANT FOOD with Opposers business activities. The Court held that Opposers marks have acquired considerable fame, which weighs in its favour in determining likelihood of confusion.

All the aforesaid factors are absent in the present case:

(a) The present case is one of alleged similarity between the Plaintiffs goods and the Defendants services;

(b) There is no evidence to show any trade relationship between restaurant services and the sale of processed or frozen meat products.

(iii) *Re: H.J. Seiler Co.* 289 F.2(d) 674. This case is also distinguishable since the case itself refer to two factors:

(a) Firstly, the applicant for registration H J Seiler Co. was not only in the catering business but also in the business of selling food products (page 2 of the Judgment). The Opposer was in the business of sale of food product hence there was some apprehension of similarity between foods and goods in this case.

(b) Secondly the Court relied on marketing practices of today.

(iv) The 1st Defendant sited two American Judgments on American law advanced by the Plaintiffs. Viz.:

(a) *Lloyds food product Inc. v. Elis Inc* 987 F 2(d) 766. This was a case of food products sold by the Appellants and restaurant services offered by the Respondents. There was evidence in the form of Affidavit recording trade practices. It was held that there was no per se rule about confusion where similar marks are used in connection with restaurants services and food products. The Court further held that a party must show something more than that similar or even identical marks are used for food products and for restaurant services.

The decision in *Jacobs v. International Multifoods Corp.* 668 F 2d 1234 (1982) was relied on.

The Court held that "The evidence in the record however only suggests a general similarity between the type of food packaged by Lloyds Foods and some of the items available on the menu in Elis restaurant."

It was held that this was not sufficient to establish confusion.

(b) *Amstar Corporation v. Dominos Pizza Inc.* [615 F 2d 252 1980]. United Court of Appeal, 5t Circuit.

(i) Amstar had a registered trade mark for sugar and condiments. Amstar filed an infringement action against Dominos Pizza Inc which ran fast food Pizza delivery outlets.

(ii) The Court of Appeal reversed the District Court and held that there was no likelihood of confusion and hence no infringement. In so holding, the Court of Appeal held that "the rights granted to the owner of a registered trade mark is a monopoly and should not be extended unless the owner is clearly entitled thereto."

(iii) The Court of Appeal considered the similarity of the products, identity of the retail outlets and purchasers and identity of the advertising media utilized.

(iv) The Court of Appeal held that "However, we fail to see any great similarity between the respective partys wares. About the only thing they have in common are that they are edible." The latter sentence was a quote from another judgment. This has significance in the present case, where the Plaintiff relies upon the description "Food items" to contend similarity between

processed and frozen meat product sold by the plaintiff and the restaurant services and sale of sauces by the Defendants.

15. (i) The Plaintiff in arguments has relied upon a Affidavit dated 21st July, 2005 filed on behalf of the 1st Defendant in certain proceedings filed by the 1st Defendant for rectification by deletion of the Plaintiffs said registered Trade Mark in respect of processed and food meat products.

(ii) It is clear from the Statement of Case filed by the 1st Defendant in the Rectification proceedings that these proceedings were filed to expunge from the Register of Trade Marks the Plaintiffs registration under Class 29. The application was necessitated because the Registrar cited the Plaintiffs registered trade mark "Nandus" (having specification for processed and frozen meat products) as a conflicting mark when the 1st Defendant applied for registration of its trade mark "Nandos" on 13th December 1996, also in class 29. The 1st Defendants application was for goods in Class 29 and Plaintiffs mark was registered for goods in a narrower category but also under Class 29. It is in this context that any averments in the Affidavit must necessarily be seen.

(ii) The averments made in the rectification proceedings did not and were not intended to suggest that use of the mark "Nandos" particularly in the context of Restaurants and food outlets and in relation to services would have any deceptive similarity or cause confusion in the minds of the public and people in trade who may be aware of the use of the word Nandus in relation to processed and frozen meat products of the Plaintiffs.

(iii) It is also to be noted that at the time it was not possible to apply for registration of marks in respect of services. Hence the 1st Defendants Application could never have been in respect of restaurant services. The right to apply for service marks came only in 2002 as set out above. In fact the 1st Defendant applied for registration of the service mark "Nandos" in class 42 and this was advertised on 17th January 2005. The Plaintiff applied for the service mark "Nandus" in Class 42 only on 13th May 2005 i.e. after the 1st Defendants application in Class 42.

(iv) The paragraphs relied on by the Plaintiff in the 1st Defendants said Affidavit dated 21st July, 2005 are paragraphs 17, 18, 21(d) (f) and (g). A reading of all these paragraphs bears out the aforesaid i.e. that these concern an application for registration of a mark for goods.

16. In so far as pleadings are concerned in the plaint, the Plaintiff has not even pleaded that the objective tests/ factors laid down in Jellinek, J.Lyons, Daiquiri Rum, British Sugar, and Eagle Potteries are satisfied in the present case. No such factual foundation is laid n the Plaint. It is thus clear that the Plaintiff has not even attempted to establish that there is any similarity or association between its goods and the Defendants services.

16A. In fact no similarity or association can be found if objective tests are applied. Plaintiffs goods are not similar to or associated with the Defendants services and sale of sauces. Applying the aforesaid tests and factors, the goods of the Plaintiff (processed or frozen meat products) and the 1st Defendants services/goods (restaurants/food outlets and sale of sauces) cannot be said to be similar or associated because:

(i) Respective uses of the goods/services The Plaintiffs products are bought for cooking at home; the 1st Defendants services are those of hospitality, entertainment and social interaction apart from the specialized Afro-Portuguese Cuisine at a restaurant. The Plaintiffs advertisements are clearly for frozen goods. On the other hand the Defendants Menus are the antithesis of that. The Menus say "Freshest (never frozen)".

(ii) Respective Users of the goods/services. The Plaintiffs products are bought by shoppers for groceries/foods to be consumed at home; the 1st Defendants services are enjoyed by those who wish to go outside their homes and to socialize and enjoy the ambience of a specialized restaurant (usually of a higher middle or upper income bracket),

(iii) Physical Nature of the goods/services. The Plaintiffs products are uncooked or processed frozen meat products and they have to be fried or cooked to be eaten; the 1st Defendants services are of a restaurant (hospitality, cuisine and entertainment) where customers would choose from a menu and its products are sauces (e.g. Peri-Peri sauce), The entire get up of the Defendants services indicates their Afro Portuguese background.

(iv) Trade channels through which goods/services reach the market. The Plaintiffs products are sold at cold storages, wholesale distributors and supermarkets. They have to be fried or cooked to be eaten; the 1st Defendants food is served at its restaurants and is chosen from a menu (only the 1st Defendants sauces are sold at supermarkets). Moreover restaurants in the normal course, do not sell or serve frozen or processed meat products. The 1st defendant has stated that the sale of Sauces shall be only at the restaurant.

(v) Where goods likely to be found in supermarkets. The Plaintiffs products would be found at cold storages or at the frozen foods, meats counters at supermarkets; the 1st Defendants food would not be found at supermarkets.

(vi) Extent to which the goods/services are competitive. The Plaintiffs frozen and processed meat products do not compete with the 1st Defendants restaurants/food outlets nor with the 1st Defendants sauces. The Plaintiffs advertisements disclose its food products are to be heated and consumed at home.) whereas the Defendant services are the antithesis of that as a restaurant is where you go because you don't want to eat at home.

(vii) Whether goods/services traded/provided by the same business. Frozen and Processed meat products are not traded/ provided by the same business as a restaurant or a manufacturer of sauces.

It is, therefore, apparent that there is no similarity or association between the Plaintiffs products and the first Defendant Restaurant and sale of sauces.

17. Section 29(4) of the Trade Marks Act, 1999 reads as follows:

(4) A registered trade mark is infringed by a person who, not being a registered proprietor or a person using by way of permitted use, uses in the course of trade, a mark which a. is identical with or similar to the registered trade mark; and b. is used in relation to goods or services which are not similar to those for which the trade mark is registered; and c. the registered trade mark has a reputation in India and the use of the mark without due cause takes unfair advantage of or is detrimental to, the distinctive character or repute of the registered trade mark.

18. Thus, a registered trade mark is infringed even if the mark is used in relation to goods or services which are not similar, to those for which the trade mark is registered provided:

- (i) the marks are identical or similar; and
- (ii) the registered trade mark has a reputation in India;
- (iii) the registered trade marks has a distinctive character or repute; and
- (iv) the use of the mark without due cause takes unfair advantage of or is detrimental to the distinctive character or repute of the registered trade mark.

19. There is no pleading in the Pleint that would meet the requirement of Section 29(4). The only allegation (Paragraph 27 of the Pleint) is that the Defendants started using the mark "Nandos" even though they knew that the Plaintiffs mark "Nandus" was registered and with notice of the existence of the Plaintiffs mark. This alone cannot amount to use of the mark without due cause or use that takes unfair advantage of or is detrimental to the alleged distinctive character or repute of the Plaintiffs registered mark "Nandus".

20. (i) The Plaintiff claims that since 1988-99 the Plaintiff has used the first trade mark on an extensive scale.

(ii) In paragraph 13 and 14 of the Pleint, the Plaintiff claims to have used the first trade mark in relation to a large turnover and to have spent a considerable amount by way of publicity expenses for popularizing the said trade marks. In fact these statements are now admittedly incorrect.

(iii) The Ist Defendant, in its Affidavit in Reply dated 1st March, 2007 states that the figures mentioned in the Pleint were incorrect and relied upon a certificate issued by the Plaintiffs Chartered accountant in the rectification proceeding between the parties. The certificate proved that the figures mentioned in the Pleint were very substantially higher than what was the actual turnover as well as the actual publicity expenses incurred by the Plaintiff in respect of its food division. The Plaintiff, in its Affidavit in Rejoinder dated 23rd March, 2007 admitted that the figures which were quoted in the said certificate were of the package food business" as a separate business division and the figures shown in the Pleint are for the packaged food division as well as for the other poultry business. The CAs certificate shows only the following turnover for the years 2002-03 (Rs. 672,720), 200 -04 (Rs. 611,843) and 2004-05 (Rs. 126,954). -the turnover for 2004-05 is Rs. 126,954/- for the entire foods division. The advertising expenses shown in the CAs certificate are also minuscule.

(iv) There is no evidence that the trademark "Nandus"EURO was used by the Plaintiff for its poultry business.

(v) Moreover, the turnover and advertisement figures in the Pleint are not certified by an Auditor.

(vi) The Plaintiffs alleged reputation based on its second trade mark (for Heat n Eat packaged food other than processed meat products) is only from 2005. Hence the turnover and advertisement figures prior to 2004 -2005 do not include sales/advertising in respect of the second trademark. The advertisements at Ex. H-1 1 to H-14 are all given in the latter half of the year 2005.

(vii) Significantly, the Plaintiff does not claim any reputation in the restaurants/food outlets/cafes/bars nor in sales of sauces, since it has not even commenced such business. It merely alleges that it "plans" to go into the restaurant business, it does not even allege such plans for sauces. 21. On the contrary (i) Defendant No. 1 forms part of a group of companies which use the trade mark Nando V (from 1987-88) in relation to fast food outlets and a chain of restaurants (serving chicken as well as non-chicken and vegetarian cuisine) and also to sell/market a range of food sauces of all kinds intended for use in relation to a variety of foods, dips, deserts, frozen yogurts, ice creams, marinades, salad dressings in more than 30 countries world wide. These countries include countries such as the United Kingdom, United States of America, Australia, Canada, South Africa, Pakistan, Malaysia, Sri Lanka, Saudi Arabia and New Zealand.

(ii) The service mark and trade mark Nandos is registered in more than 100 countries. Applications filed for registration are pending in more than 20 countries. A list of the service mark and trade mark registrations and application for "Nandos" in various countries all over the world are produced at Exhibit 2 of the Affidavit in Reply of Defendant No.1.

(iii) The Defendants have opened a restaurant in the jurisdiction of this Court since December 2005 and the Defendants have publicized the restaurant from September 2005. The Defendants have produced advertisements popularizing the Defendants restaurant in various newspapers in Mumbai, since September 2005.

22. Nothing has been disclosed by the Plaintiff to establish that the use of the Defendants trade mark (Nandos) in India, is without due cause or can be said to take unfair advantage of the distinctive character or repute of the registered trade mark (Nandus) of the Plaintiff. It is incredible to suggest that the 1st Defendant with its vast reputation would want to take any advantage (much less unfair advantage) of the alleged repute of the Plaintiffs registered trade mark (Processed and Frozen meat products) and for that purpose open the restaurant.

23. The learned Counsel for the Plaintiffs relies on the following judgments:

i. ***Bal Pharma Ltd. v. Centaur Laboratories Pvt. Ltd.*** [(2002) 24 PTC 226].

This decision throws no light on Section 29(4) and its ingredients. This case only holds that a Defendant who is aware of the prior registration of a mark in favor of the Plaintiff cannot complain of delay in the Plaintiff filing an action.

ii. ***Ayushakti Ayurved Pvt Limited. v. Hindustan Lever Ltd*** [(2004) 28 PTC 59].

Again this case is silent on Section 29(4) and its ingredients. Here it was held that the Plaintiff came to Court on a false case because it did not disclose that it had taken search and had known of the Defendants prior registration.

24. In the present case it is to be found that the mark (Nandos) is used in relation to goods or services (restaurants) which are not similar to those for which the trade mark (Nandus) is registered (processed or frozen meat products) and the registered trade mark (Nandus) has no distinctive reputation in India (even in respect of processed or frozen meat products) and the use of the mark (Nandos) is not without due cause, or does not take unfair advantage or is not detrimental to the alleged distinctive character or repute of the registered trade mark (Nandus).

25. The Plaintiffs contend that the Defendants are passing off their goods/services as and for that of or in some way connected with the Plaintiffs goods i.e. processed and frozen meat products and ready to eat products and alleged services.

26. The principles relating to passing off have been crystallized by the Honble Supreme Court of India in the case of *Satyam Info way Ltd. v. Sifynet Solutions Pvt.Ltd.* This case summarizes the well settled principle that to establish the tort of passing off, three elements are essential:

(a) The Defendant must have sold goods or offered its services in a manner which has deceived or would be likely to deceive the public into thinking that the Defendants goods and services are of the Plaintiffs;

(b) Misrepresentation by the Defendant to the public and a likelihood of confusion in the minds of the public (i.e. actual or potential customers or users) that the goods/services offered by the Defendant are the goods/services of the Plaintiff; and

(c) the loss or likelihood of loss to the Plaintiff.

27. In *Star Industrial Company Ltd. v. Yap Knee Kor* [(1976) RPC 256 (PC)] (cited by the Plaintiff) the Privy Council (at Page 269) has defined the tort of passing off as being an invasion of a right of property in goodwill or business and that goodwill cannot exist independently of a business. In the present case since the Plaintiff has no business or goodwill or reputation in the business of running restaurant or selling sauces, no question of passing off by the Defendants of their restaurant business or business of sale of sauces as that of the Plaintiff can arise.

28. The 1st Defendants had already commenced advertising their restaurants in India and the 2nd Defendant had also opened a restaurant in Mumbai in December 2005. The 1st Defendant has a direct reputation in India from at least December, 2005.

29. In marketing, promoting and providing its services, the Defendants place enormous emphasis on the Afro-Portuguese heritage underlying the Nandos brand and concept, in its restaurant art work, menus, country websites, pamphlets, advertisements, etc. Photographs highlighting the Afro-Portuguese heritage in its restaurants and advertisements is produced by the 1st Defendants.

30. On the other hand the Plaintiff has no reputation in India in restaurants/food outlets business or in the sale of sauces. Since admittedly it has not commenced either business, hence even without looking to the 1st Defendants trans border reputation, in India the 1st Defendant has a reputation in restaurants/ food outlets/ sale of sauces prior to the Plaintiff.

31. It is submitted by the defendants that the Plaintiff is not entitled to any equitable reliefs including the injunctions prayed for since the Plaintiff has approached this Honble Court on a false case and with unclean hands. As observed above, the Plaintiff has falsely suggested in Paragraph 13 of the Plaint that the figures of turnover stated in Exhibit "F" of the Plaint and advertising expenditure figures referred in paragraph 14 of the Plaint read with Exhibit G of the Plaint are those pertaining to use of the first trademark viz. for sale of its frozen and processed meat products. It was only after the Defendants brought to the attention the fact that these

figures included (in most part) figures for the Plaintiffs poultry business (sale of one day old chicks) that the Plaintiff admitted this position.

32. I, thus, find that the plaintiff has not made out prima facie case. Moreover the balance of convenience is also in favour of the Defendants:

- (i) The Plaintiff has not even commenced any restaurant/food outlet business;
- (ii) The Plaintiff had knowledge of the Indian operations of the 1st Defendant since at least 2003.
- (iii) The Defendants restaurant at Malad was opened and has been operating since December, 2005;
- (iv) The two alleged letters relied upon by the Plaintiff to show confusion apart from being disputed, both emanate from Bangalore. There is no real evidence of confusion.
- (v) On the other hand no prejudice will be caused to the Plaintiff if the injunction is refused. Taking overall view of the matter, in my opinion, the plaintiff is not entitled to any interim relief. The notice of motion is disposed of.

At this stage, a request is made on behalf of the plaintiffs that the ad-interim order presently operating should continue to operate for a period of four weeks from today. The request is opposed on behalf of the defendants. According to the defendants, their restaurant in Bombay is already running with the name Nandos. The second restaurant is also started but they are not using the name. It is submitted that if the ad-interim order is not continued, the defendants would be entitled to name the second restaurant and any other restaurant as Nandos. It is submitted that the defendants would not claim any equity before the Appeal Court on the basis that their second and subsequent restaurants are running with the name Nandos. In my opinion, in view of the statement made by the defendants and in view of the fact that I have found that the plaintiffs have not been able to make out a prima facie case, it would not be appropriate to continue the ad-interim order. One more aspect that is to be noted is that I have recorded a statement made on behalf of the defendants that they will sell only sauces and that too only from their restaurant. The request is therefore rejected.

* * * * *

Kapil Wadhwa v. Samsung Electronics Co. Ltd.,
194(2012)DLT23; MIPR2012(3)191

Pradeep Nandrajog, J.

1. The interesting issue, in the field of the Trade Mark law, which arises for consideration in the instant appeal has an immense bearing on trade and commerce in India. The respondents ('Samsung Electronics Company Ltd.' and 'Samsung India Electronics Pvt. Ltd.') are companies incorporated as per laws of Korea and India respectively; the latter being a subsidiary of the former. They are a part of 'Samsung Group of Companies' having 14 listed companies and 285 worldwide operations. The respondents manufacture and trade in electronic goods such as colour televisions, home appliances, washing machines, microwaves, air-conditioners, computers, printers & cartridges etc. The business is done under the brand-name/corporate-name using the Trade Mark 'SAMSUNG/Samsung'. In India, the first respondent has licensed the use of the Trade Mark 'SAMSUNG/Samsung' to the second respondent as per Trade Mark Agreement dated July 08, 2003 which has been filed for registration in the Trade Mark's Registry.

The grievance of the respondents is that the appellants are purchasing, from the foreign market, printers manufactured and sold by respondent No. 1 under the Trade Mark 'SAMSUNG/Samsung' and after importing the same into India are selling the product in the Indian market under the Trade Mark 'SAMSUNG/Samsung' and are thereby infringing the registered Trade Mark of the respondents in India. Respondents allege that the appellants operate their website by meta-tagging the same to the website of the respondents. Respondents allege that not only this constitutes an infringement of their registered Trade Mark in India, but also allege injury caused to the consumer in India who may be paying less for the printers in question, but are misled to believe that they are purchasing an authorized Samsung product in India sold with the permission of the respondents, in ignorance of the fact that the printers imported and sold by the respondents are materially different to the ones which are sold in the Indian market by the respondents. The rival version pleaded by the appellants is that the act of importation and sale of printers in India is authorized and the sale in the Indian market is legal and valid inasmuch as the appellants sell the product as it is. The respondents highlight that their act of import and sale is beneficial to the Indian public evidenced by the fact that the respondents are able to sell the product at prices less than 30% to 50% of the compatible product sold by the appellants in India. The appellants bring home the point that the respondents do not manufacture the printers in India. Even they import the printers from abroad. To illustrate, a compatible product SCX-4623F/XSA, after importing in India is sold by the appellants for ` 9,500/- and the printer SCX-3201FN/XIP is sold by the respondents after importing the same into India for ` 8,999/- . To which stand of the appellants, the respondents plead that there is a difference in the

features of the compatible products and highlight that the injury caused to the Indian consumer, who may pay less for a compatible product, is that the consumer buys the product of the appellant thinking that it is having the same features as that of the product sold by the respondents.

2. The issue pertains to what is popularly known as parallel-imports/grey-market goods.

3. The learned Single Judge has obviously held in favour of the respondents, who were the plaintiffs, and this explains the defendants being the appellants before us in an intra-Court appeal.

4. Whether the Trade Marks Act 1999 embodies the International Exhaustion Principle or the National Exhaustion Principle when the registered proprietor of a Trade Mark places the goods in the market under the registered trade mark.

As per learned Single Judge:

5. The Trade Marks Act 1999 embodies the National Exhaustion Principle.

7. Deleted.(Text of S.29 and S.30)

8. It needs to be clearly stated that the discussion by the learned Single Judge is with respect to an action brought by a registered proprietor/user of a Trade Mark i.e. the plaintiffs plead a cause of action by relying upon the plaintiffs Trade Mark being registered with the Registrar of Trade Marks in India. We clarify that the action is for infringement and not one for passing off, in which territory of the law, as conceded to by learned counsel for the parties, different principles of law would apply.

9. The word 'market' finds a place, five times, in Section 29(6)(b): 'the market'; Section 30(2)(b) : 'any market'; Section 30(3) : 'the market'; Section 30(3)(b) : 'the market' and Section 30(4) : 'the market'.

10. The reasoning of the learned Single Judge can be identified with reference to 6 lighthouses seen by the learned Single Judge and the ship steered accordingly. Ignoring the discussion in paragraphs 123 to 136 of the impugned judgement and the case law noted therein, where the appellants had latched on to an admission made by the plaintiffs/respondents in paragraph 17 of the replication that India follows the Principle of International Exhaustion, and the conclusion arrived at with reference to case law noted, that there cannot be any estoppel pleaded against a statute, a correct view taken by the learned

Single Judge because an erroneous admission on a principle of law by a party would have no relevance while determining rights and liabilities incurred or acquired, in view of the axiomatic principle, without exception, that there cannot be an estoppel against a statute; and rightly did learned counsel for the appellants so concede in the appeal. We note the 6 lighthouses.

10 (i). The import of goods into India without the permission of the registered proprietor of the Trade Mark is governed by Section 29 of the Trade Marks Act 1999 and this flows from a conjoint reading of Section 29(1) and Section 29(6) which require it to be held that when a person uses a Trade Mark in the course of import or export of goods, the same would be under the registered Trade Mark and thus the act of import is in clear and explicit terms of the two provisions, and would be infringement when import is made without the consent of the registered proprietor of the Trade Mark. (Refer paragraphs 19, 22 and 23 of the impugned decision).

10 (ii). Section 29 clearly suggests that the legislative intent is to put barriers on the free flow of goods in the world market inasmuch as the said Section contemplates both import as well as export of goods while enacting the statutory provisions pertaining to infringement of registered Trade Marks. (Refer para 26 of the impugned decision.)

10 (iii). Section 29(1) does not distinguish between the import of genuine and non-genuine goods. Thus, imports, whether of genuine or non-genuine goods would amount to infringement if not effected by the consent of the registered proprietor of the Trade Mark or the permissive right holder of the Trade Mark. (Refer paragraphs 28 and 30 of the impugned decision.)

(N.B.: In paragraph 35 of the impugned decision, the learned Single Judge has stated the conclusion i.e. reached a port mid-journey with reference to the three lighthouses afore-identified.)

10 (iv). In paragraph 38 that the learned Single Judge has clarified that he understood the beams of the light from the three lighthouses to mean the beam of import in the course of trade and not for personal use.

10 (v). Section 30(3) of the Trade Mark Act 1999 serves merely as an exception, by limiting some of the rights conferred upon the registered proprietor. It could not be read as giving an additional right to some other person to import, from the International market, even genuine goods and sell them in the Indian market. (Refer paragraphs 40 to 44 of the impugned decision.)

10(vi). Section 30(4)(a) suggests that the registered proprietor, the purchaser of the goods and the assignee must all co-exist within the same market, meaning thereby, it cannot be said that the lawful acquisition takes place in the International market and use of the Trade Mark takes place in some other market. Thus, the import of Section 30(4)(a) would also apply to Section 30(4)(b), resulting in the lighthouse being seen that if the Trade Mark is registered in one country, the goods bearing the registered Trade Mark can be lawfully acquired in that country alone. (Refer paragraph 68 of the impugned decision with reference to the discussion in paragraph 48 to 67.)

10(vii). Once the goods have been lawfully acquired, sale of goods or further dealings have to be in the same market. This means the words 'in the market' in Section 30(3)(b) means the domestic market and not any market i.e. the International market. The law of Trade Mark has territorial operation within the municipal limits of the country and exceptions must also be within the territorial bounds. (Refer paragraph 82 of the impugned decision.)

(N.B. : In paragraph 69 of the impugned decision, the learned Single Judge has stated the conclusion i.e. reached a port, mid-journey, with reference to the three lighthouses afore-identified to conclude that Section 30(3) and its sub-clauses (a) and (b) nowhere indicate that the concept of International Exhaustion is embodied therein.)

10 (viii). The right of the registered proprietor of the Trade Mark to oppose further dealings as per Section 30(4), which carves out an exception to the right under Section 30(3) in the context of legitimate reasons to oppose further dealing and in particular where the conditions of the goods has been changed or impaired after they have been put on the market by the registered proprietor of the Trade Mark, has not to be understood as recognizing that the Indian statute embodies the principle of International exhaustion and the two provisions i.e. Section 30(3) and Section 30(4) operate in the domestic market i.e. goods are placed in domestic market by the registered proprietor of the Trade Mark and further dealing with the goods takes place by way of sale in the domestic market. (Refer paragraphs 88 to 96 of the impugned decision.)

(N.B. : In paragraph 94 of the impugned decision, the learned Single Judge has clarified that the foreign judgments on the subject of legitimate reasons to oppose further dealings, would thus not be relevant in the context of import, but would certainly be relevant for the purposes of gauging further dealing of the goods by a purchaser thereof in the domestic market and further sale in the domestic market.)

11. While understanding the direction in which the ship has to be steered, on seeing the lighthouses, the learned Single Judge has while discussing the rules of navigation held that Statements of Objects and Reasons in the bill which is introduced and ultimately finds expressed as an Act can only be invoked if there is an ambiguity in the language of the

statute; and finding none, has held that no external aid could be taken from the Statement of Objects and Reasons to The Trade Marks Bill 1999; nor could any reference be made to articles showcasing the viewpoints, (probably lobbies exist), as can be gathered from the discussion by the learned Single Judge in paragraphs 104 and 108 to 113 of the impugned judgment.

12. On the principle of comity, i.e. language used in a foreign statute, and with reference to the Trade Marks Act 1994 in United Kingdom, the learned Single Judge has, while discussing the rule of navigation i.e. comity, contrasted the language of the phrasal noun 'market in the European Economic Area', and opined that this could be used to understand the direction in which the ship has to be sailed in India with reference to the lighthouses in the statute in India i.e. the direction of 'the market' being the domestic market and not the International market. (Refer paragraphs 73 to 85 of the impugned decision.)

13. Certain residual issues pertaining to an interim arrangement ordered in judicial pronouncements with respect to refurbished second-hand goods have been discussed by the learned Single Judge, on which learned counsel for the parties fairly conceded that nothing much turns; but we wonder why learned counsel had argued the matter in the context of a consent interim arrangement worked out in other cases as a precedent in the instant matter?

14. The learned Single Judge has thereafter discussed, the website of the appellants being meta-tagged to that of the respondents, in the context of the fair use argument of the appellants who urged that since they were importing and selling Samsung products, as it is in India, the meta-tagging was to enable the purchaser to understand the features of the product as per the website of the respondent; but has concluded that since the act of import for further sale of the goods in the Indian market itself being without the consent of the respondents was infringement of the respondents' registered Trade Mark in India, the question of any fair use did not arise.

15. Lastly, the learned Single Judge has discussed and opined that nothing turns on the subject : that the appellants were earlier on the authorized dealers of Samsung products in India and their act of importing Samsung products from markets abroad and selling the same in India would be a misrepresentation to the purchasers, who would purchase Samsung products sold by the appellants, thinking that the sale in India is with the consent and permission of the respondents. The reason for the opinion being that the import of Samsung products for sale in the Indian market being without the consent of the respondents amounted to an infringement of the respondents' Trade Mark.

16. This in brief, is an analysis of the impugned order dated February 17, 2012, passed by the learned Single Judge resulting in dismissal of Interim Application filed by the appellants under Order XXXIX Rule 4 of the Code of Civil Procedure praying that the ex-parte ad-interim injunction granted be vacated and allowing Interim Application filed by the respondents praying that during pendency of the suit, appellants be restrained from importing and selling printers and their ink cartridges/toners bearing the Trade Mark 'Samsung' as also restraining appellants from using the Trade Mark 'Samsung' in respect of promotional activities including website.

The journey re-chartered:

17. Deleted.

18. We would therefore be noting the expanded reasoning of the learned Single Judge, as and when required, while analyzing the arguments advanced by learned counsel for the appellants and the respondents, for only then would we be able to discern the real from the mirage.

Issue

19. **Whether the Trade Marks Act, 1999, embodies the principle of domestic exhaustion or international exhaustion?**

20. As noted above, after noting the rival facts, the arguments advanced and the case law cited till paragraph 17 of the impugned decision, the learned Single Judge has proceeded to analyze Section 29 of the Trade Marks Act 1999 and has reached a conclusion in paragraph 39. Thereafter from paragraph 40 onwards the learned Single Judge has proceeded to analyze Section 30(3) of the Trade Marks Act 1999 and has reached a conclusion in paragraph 47 that Section 30(3) carves out only an exception to Section 29 and does not confer any additional right; it only operates as a defence to an infringing act. From paragraph 48 onwards the learned Single Judge has proceeded, on what is called by the learned Single Judge a plain and contextual interpretation of Section 30(3) and 30(4) of the Trade Marks Act 1999. And a conclusion is arrived that 'the market' envisaged by the said Section has to be only one market i.e. where the buyer and the seller of the goods co-exist. The discussion concludes in paragraph 17 and thereafter the learned Single Judge has referred to the U.K. Trade Mark Act to draw a distinction between the law there and India. Thereafter, from paragraph 86 onward the learned Single Judge has again discussed Section 30(4) of the Trade Marks Act 1999 in its textual setting to reach a conclusion that said Section does not negate the interpretation put by the learned Single Judge to sub-section (3) of Section 30 of

the Trade Marks Act. Thereafter, as noted in paragraph 10 above, from paragraphs 123 onwards the learned Single Judge has discussed the issue pertaining to an alleged admission in the pleadings of the respondents i.e. in the replication filed.

21. We proceed to analyze the reasoning of the impugned decision, in the same sequence and at the outset record our agreement with the analysis of Section 29 of the Trade Marks Act, 1999 by the learned Single Judge but not the reference by the learned Single Judge, in para 36 to the commentary by Morcom, Roughton and Nalynicz : 'Modern Law on Trade Marks, 3rd Edition (2008)', for the reason the commentary pertains to the Trade Marks Act, 1994 in the United Kingdom.

22. The learned Single Judge has correctly held, and this flows from a bare reading of the various sub Sections of Section 29, that (refer sub Section 1) a registered trade mark is infringed by a person who is not a registered proprietor or a permitted user when he uses, in the course of trade, the said mark or (refer sub Section 2) uses a mark which is likely to cause confusion or which is likely to have an association with the registered trade mark or (refer sub Section 3) uses a mark which is identical or similar to the registered trade mark or (refer sub Section 5) uses a registered trade mark as his trade name or part of his trade name or name of his business concern while dealing in goods or services in respect of which the trade mark is registered, or (refer sub Section 6) affixes the mark to goods or packaging thereof or exposes the goods for sale by putting them on the market or imports or exports goods under the mark. In the context of the question which we have to answer, we agree with the reasoning of the learned Single Judge that in view of sub-clause (c) of sub Section 6 of Section 29 where reference is to import as well as export of goods, in the context of Section 29 of the Trade Marks Act, 1999 even import of genuine goods under a trade mark which is registered in India and proprietorship whereof vests in some third party in relation to the description of the goods would constitute an act of infringement.

23. However, the conclusion drawn by the learned Single Judge in paragraph 26 of the impugned decision, that this expresses the legislative intent to put barriers on importation, in our opinion is a pre-mature conclusion inasmuch as the necessary conclusion ought to have been drawn after Section 30 had been analyzed for the reason Section 30 operates as, if we may use the expression, and exception to Section 29. Sub Section 1 and sub Section 2 of Section 30 stipulate conditions where the use of a mark by a person who is not the registered proprietor of the trade mark in question would not make the use actionable by the registered proprietor of the trade mark in question. As per sub clause (b) of sub Section 2 of Section 30 if a trade mark is registered subject to any condition or limitations, the use of the trade mark in relation to goods to be sold or traded in any place and in relation to goods to be exported to any market would not constitute an infringement.

24. We have reasoned here-in-after in para 53, as to what would be the use of the adverb 'any' before the noun 'market' in clause (b) of sub Section 2 of Section 30 to bring home the point of the contextual usage requiring the pronoun 'any' to be a determiner and thus 'any market' in the context of 'goods to be exported' meaning the global market.

25. But since various sub Sections of Section 30 contemplate different situations where, notwithstanding Section 29, the proprietor of the registered trade mark cannot prevent the use of the registered mark by other persons, various sub Sections of Section 30 have to be construed with reference to the situation contemplated with respect to the use of the registered trade mark and said use not being capable of being prevented by the registered proprietor of the trade mark. And this takes us to an analysis of sub Section 3, which is the core Section on which the issue would be resolved.

26. As noted above the learned Single Judge has discussed this provision from paragraph 40 onwards till paragraph 69 and the discussion is in two stages, firstly analyzing Section 30(3) by itself and then in conjunction with sub-section (4) thereof. After discussing the provisions in the U.K. Trade Mark Act 1994 the learned Single Judge has further discussed the subject with reference to a contextual reading of Section 34 in paragraphs 86 onwards.

27. The learned Single Judge has correctly commenced the journey by noting that Section 30 places limits on the effects of registration of a trade mark and has rightly opined that sub Section 3 of Section 30 encompasses further exceptions to the rule of infringement provided in Section 29. But, we find a wrong question posed in paragraph 44 i.e. whether sub-section 3 of Section 30 is a right conferring Section or merely acts as a defence to the infringement?

28. The said question need not be posed and thus not answered for the reason Section 30 (with all its sub Sections) would be by way of defence i.e. use of a registered trade mark in the situations contemplated by various sub Sections of Section 30 shall be a good defence to an action brought by a registered proprietor of a trade mark, for the reason Section 30 limits the effect of registered trade marks. The wrong question to be examined, has led the learned Single Judge to conclude that sub Section 30 cannot be equated as giving some additional rights to some other person to import genuine goods from the international market.

29. We may only say that it is altogether one thing to say that a right is conferred upon a person and it is altogether another thing to say that the act of a person is not actionable.

30. The erroneous approach has led the learned Single Judge to take the discussion forward, in paragraph 45, that this would mean that unless goods are imported into India by the consent of the registered proprietor of the trade mark (registration being in India) the act of

importation is not permitted as per sub Section 3 of Section 30. In other words, 'lawfully acquired' in sub Section 3 of Section 30 have been read as acquisition by consent for the purposes of import.

31. We reproduce once again sub Section 3 of Section 30 of the Trade Marks Act, 1999. It reads:-

(3) Where the goods bearing a registered trade mark are lawfully acquired by a person, the sale of the goods in the market or otherwise dealing in those goods by that person or by a person claiming under or through him is not infringement of a trade by reason only of-

(a) the registered trade mark having been assigned by the registered proprietor to some other person, after the acquisition of those goods; or

(b) the goods having been put on the market under the registered trade mark by the proprietor or with his consent.

32. We may highlight that there is an apparent printing error in subsection (3), even the Gazette Notification issued by the Central Government contains the same. 'Not infringement of a trade by reason only of' should read 'Not infringement of a trade mark by reason only of'. The reason is obvious. After being lawfully acquired by a person of goods bearing a registered trade mark, the further sale may be debatable as infringement of a trade mark, but there can be no further debate whether there is an infringement of a trade.

33. Be that as it may, and hoping that the legislature would rectify itself, but noting that patent printing errors can always be rectified and this would not be legislation by the Court, we revisit sub section (3). It can be broken into three segments; (i) goods bearing a registered trade mark are lawfully acquired by a person; (ii) the sale of the goods in the market by that person; and (iii) not constituting infringement of the trade mark.

34. In para 51 the learned Single Judge has correctly noted that the statute book does not reflect as to what was the source contemplated by the legislature with reference to goods bearing registered trade mark being lawfully acquired, but has abruptly jumped to a conclusion, in the very next paragraph i.e. para 52 with a conclusion drawn further in paragraph 53 in the following words:-

52. The use of the word 'where the goods bearing a registered trade mark are lawfully acquired by a person' and the possible interpretation of Section 30 (3) so as to include import by reading Section 30 (3) in isolation with sub clause (b) ignoring clause (a) will result in anomalous results or what can be termed as absurd results under the principles of interpretation.

53. It is well settled canon of interpretation that the Courts must do their endeavors to read the provisions plainly so as to give harmony between the two provisions and interpretation which renders any provision otiose or redundant must be eschewed.

35. Now, sub clause (a) of sub Section 3 of Section 30 deals with a situation where the registered proprietor of a trade mark sells the goods bearing the trade mark to a person and thereafter assigns the registered trade mark to another person. Said another person cannot oppose further dealing in those goods by the person who has acquired those goods bearing the trade mark. The sub clause operates in a well defined territory of its own. The situation contemplated by sub clause (b) is the goods having been put on the market under the registered mark by the proprietor or with his consent and are lawfully acquired by a person and the further sale of the said goods in the market. It is here, where the issue of lawful acquisition of the goods, when put in the market and further sold in the market arises for consideration, and whatever be the view taken i.e. the market contemplated being the international market or the domestic market, would not make sub clause (a) otiose.

36. The further reasoning of the learned Single Judge in paragraphs 56 to 58 is an extension of the error afore noted. We quote:-

56. The wordings in sub clause (a) "the registered trademark has been assigned by the registered proprietor to another person after acquisition of the said goods" controls the language of the opening words "where the goods under the registered trade mark are lawfully acquired by the person". Reading of same along with the opening words makes it clear said lawful acquisition presupposes the existence of three persons, a person acquiring the goods, a person selling the goods which is the registered proprietor and third person to which the trademark has been assigned at the same place.

57. Thus, the said acquisition for the purposes of the sub clause (a) must arise within the same market wherein there are three persons present, person acquiring the goods, registered proprietor and the assignee of the trade mark. This the reason why the said Section 30(3) (a) also says that the registered trademark having been assigned after the acquisition of those goods which means that the acquisition must emanate from the registered proprietor where the registered proprietor has the knowledge about the said acquisition and he assigns the trademark after the said acquisition.

A clear and workable example of the said proposition mentioned in clause (a) would be that proprietor after selling the goods to the market or to the distribution channels, cannot turn around either by himself or his assignee in title of the trade mark within the same market to say that now the dealings in goods which he has parted with to the person or to the distribution channel, cannot be allowed because

the trademark has been assigned by him to some other person which is a simple and precise meaning of the clause (a).

58. But, this may not hold good if one adopts the interpretation of opening words to subsume imports in an international perspective. The said interpretation of the opening words "where the goods under the registered trade mark..." if given wider interpretation to include imports will lead to absurd results and will render clause (a) otiose.

37. Let us re-write sub Section 3 of Section 30 with reference to sub para (a) and sub para (b) thereof. (1) Where goods bearing a registered trade mark are lawfully acquired by a person, the sale of the goods in the market by that person is not infringement of the trade mark by reason only of the registered trade mark having been assigned by the registered proprietor by some other person after the acquisition of those goods. (2) Where goods bearing a registered trade mark are put on the market and are lawfully acquired by a person, the sale of the goods in the market by that person is not infringement of the trade mark by reason only of further sale in the market.

38. The two situations are distinct and operate in mutually exclusive areas and the question of any one being interpreted in a manner to render the other otiose does not arise.

39. The illustration given in paragraph 59 by the learned Single Judge, to make out, as concluded in paragraph 60 the absurdity flowing and the havoc (the word used by the learned Single Judge in paragraph 60) which would be created, in our opinion is seeing a ghost, when none exists.

40. The learned Single Judge has made good his reasoning and the conclusion with reference to the example of Samsung goods purchased in the market at Hong Kong and imported into India and in the meanwhile the Indian entity of Samsung selling the brand name to some other company for Indian territory. The learned Single Judge has opined that havoc would be created because the assignee would not be in a position to control the inflow of the goods. But where is the havoc? Merely because the assignee of a trade mark cannot prevent the further sale of goods which were lawfully acquired prior to the assignment, is not a situation of a havoc. The reason is that it would be presumed that the assignee knew that the assignor has already placed, under the trade mark, certain goods in the market and that the right of the assignee would not be to prevent further dealing in the goods already placed on the market. Thus, whether the goods are placed in the international market or in the domestic market and thereafter the assignment takes place is not a relevant consideration while interpreting sub-section (3) of Section 30 with reference to sub-para (a) and sub-para (b) thereof.

40. We highlight that in paragraph 68(d), the learned Single Judge has recognized, and we quote: 'The opening words "where the goods bearing a registered trade mark are lawfully acquired by a person" are merely if at all silent about the lawful acquisition although it becomes clear if one reads the same plainly in view of point No. (c) above, must bear the registered trade mark and therefore originate from the domestic market. At the best, it can be said that they are silent about the lawful acquisition.' The learned Single Judge has recognized that there is no indication clearly spelt out whether 'the market' is the domestic market or not. The learned Single Judge has attempted to give clarity, to what he recognized as not clearly spelt out, by referring to para 68(c), where the learned Single Judge has held that in the context of Section 29(6) it must be held that if a trade mark is registered in one country, then the goods bearing the said registered trade mark can be lawfully acquired from that country alone. Therefrom, the learned Single Judge has concluded in para 68(d) as above.

42. There is a patent fallacy in paragraph 68(c). There is no law which stipulates that goods sold under a trade mark can be lawfully acquired only in the country where the trade mark is registered. In fact, the legal position is to the contrary. Lawful acquisition of goods would mean the lawful acquisition thereof as per the laws of that country pertaining to sale and purchase of goods. Trade Mark Law is not to regulate the sale and purchase of goods. It is to control the use of registered trade marks. Say for example, there is food scarcity in a country and the sale of wheat is banned except through a canalizing agency. Lawful acquisition of wheat in that country can only be through the canalizing agency. The learned Single Judge has himself recognized that the law of trade marks recognizes the principle of international exhaustion of rights to control further trade of the goods put on the market under the trade mark. The task of the learned Single Judge thus was to resolve the impasse in the Indian Law, and thus the presumption/assumption in paragraph 68(c) could not be the point to resolve the textual context in which the learned Single Judge has discussed in paragraph 68(d).

43. Thus, the conclusion arrived at by the learned Single Judge, which we note has preceded a lot of reasoning done by the learned Single Judge after the conclusion has been arrived at, in paragraphs 56 and 57, that Section 30(3)(a) presupposes the existence of three actors: (i) The trade mark Proprietor, (ii) the trade mark assignee, and (iii) the acquirer of the goods in the same market, is incorrect.

43. The learned Single Judge has recognized that the Statement of Objects and Reasons to a Bill which becomes Law can be used to interpret the law, as an external aid of construction. But has not used the same inasmuch as he has found that a plain reading of the provisions makes it clear that 'the market' contemplated by the statute is domestic market i.e.

Section 30(3) contemplates lawful acquisition in the domestic market. We shall discuss this aspect a little later, but now note the reasoning of the learned Single Judge, on comparative analysis of the U.K. Trade Marks Act 1994.

45. language used by the legislature in foreign countries:

(A) European Union. Article 7 of the EU Directive on Trademarks:

1. The trademark shall not entitle the proprietor to prohibit its use in relation to goods which have been put on the market in the community under that trademark by the proprietor or with his consent.

2. Paragraph 1 shall not apply where there exist legitimate reasons for the proprietor to oppose further commercialisation of the goods, especially where the condition of the goods in changed or impaired after they have been put on the market.

(B) United Kingdom. Section 12 of the Trademarks Act, 1994:

(1) A registered trade mark is not infringed by the use of the trade mark in relation to goods which have been put on the market in the European Economic Area under that trade mark by the proprietor or with his consent.

(2) Subsection (1) does not apply where there exist legitimate reasons for the proprietor to oppose further dealings in the goods (in particular, where the condition of the goods has been changed or impaired after they have been put on the market).

Others Deleted.

46. With reference to the seven statutory provisions, it would be relevant to note that the legislature in said seven jurisdictions abroad has clearly indicated the legislative intent to either follow the Principle of International Exhaustion or National Exhaustion. For example, Brazil and Turkey, which have incorporated the Principle of National Exhaustion, have used the clear expressions : 'products placed on the internal market' and 'the product has been put on the market in Turkey' respectively. The European Union and United Kingdom have used the clear expression 'market in the community' and 'market in the European Economic Area' respectively to define the market as neither domestic nor international but expanded/confined to the entire European community. Similarly the legislation in Singapore and Hong Kong uses well defined expressions 'goods which have been put on the market, whether in Singapore or outside Singapore' and 'put on the market anywhere in the world'.

47. From paragraph 71 onwards till paragraph 85, the learned Single Judge has referred to the U.K. Trade Mark Act 1994 and has highlighted that in United Kingdoms the words 'in the European Economic Area' after the words 'the market' have given a wider effect by widening the concept of market. Not finding any such expressions which expressly expand the scope of 'the market' in the Indian Statute, the learned Single Judge has opined that the legislative intent was obviously to restrict the expression as confined to the Indian market.

48. The conclusion arrived at by the learned Single Judge ignores that legislations abroad, wherever the intent was to confine 'the market' to the domestic market have expressly used words to so indicate; to wit, Brazil and Turkey. Thus the neutral expression 'the market' without the legislature adding words to indicate whether it was the domestic or the international market which was in the mind of the legislature does not justify the conclusion arrived at by the learned Single Judge as the only logical conclusion.

49. With reference to the contextual reading of Section 30(4), the learned Single Judge has opined that Section 30(4) recognizes the Principle of Exhaustion in a limited sense by curtailing the right of the proprietor to prohibit further sale of the goods. The learned Single Judge has opined that within the domestic market, if there existed legitimate reasons to further oppose the sale of those goods due to impairment, Section 30(4) gave a right to the registered proprietor of the trade mark to oppose further sale of the goods. The learned Single Judge has held that Section 30(4) would thus operate as an exception to Section 30(4) (Refer paragraph 86 of the decision).

50. Now, where the goods bearing a registered trade mark are put in the market, whether it be the domestic market or the international market, by the registered proprietor of the trade mark, the right to oppose further sale for the reason of the goods being impaired or conditions changed would be equally relevant and no distinction can be made with reference to the right in relation to the nature of the market. The reason is that if the condition of the goods is changed or the goods are impaired, they may diminish the value of the trade mark, causing injury to the registered proprietor of the trade mark.

51. We have noted herein above that the learned Single Judge, though has opined that his conclusion is based on a plain reading of the statute, but actually is the result of a laborious decision which spans 156 pages. Surely, it would be a contradiction in terms to write 156 pages on a subject of interpretation of a statute and simultaneously maintain that a plain reading of the statute is being done. We have noted herein above that the learned Single Judge has recognized a silence in the statute (Refer paragraph 68(d) of the impugned

decision which has been extracted by us in paragraph 41 above) with reference to whether 'the market' is the domestic market or the international market.

52. At the core of the matter, as indeed it has to be when a statute is interpreted, is the plain language of the statute, and we have already reproduced the same i.e. Section 29 and Section 30 of the Trade Marks Act 1999, in paragraph 7 herein above. The word 'market' finds a mention five times in Section 29 and Section 30: (i) Section 29(6)(b) - 'on the market'; (ii) Section 30(2)(b) - 'any market'; (iii) Section 30(3) - 'in the market'; (iv) Section 30(3)(b) - 'on the market'; and (v) Section 30(4) - 'on the market'.

53. With dictionary in hand, we may record at the outset that the usage of the word 'any' mentions two usages - as an adverb or as a pronoun and determiner. The word 'market' is a noun. Thus the word 'any' in 'any market' has to be used as a pronoun and not a verb. In Section 30(2)(b), the words 'any market' find a mention in the phrase 'in relation to goods to be exported to any market'. Thus, used as a pronoun in Section 30(2)(b), in the context of the usage i.e. 'exported' to any market, it implying a global market and therefore the word 'any', works as a determiner in this particular context only.

54. The word 'the' is a definite article. Its use before the word 'market' in Section 29(6)(b), 30(3), 30(3)(b) and 30(4), notwithstanding 'the' being an definite article, is not used to specify a particular market but is used only to demarcate an economic area or space as distinguished from other spaces, whether public or private.

55. Therefore, it cannot be concluded that merely because 'any market' in Section 30(2)(b) means the global market, it must logically be inferred that reference to 'the market' refers to the domestic market.

56. We are of the opinion, the external aid to interpret the statute i.e. Statement of Objects and Reasons was a most appropriate tool to be used.

57. While introducing the Trade Mark Bill 1999, clause-30, which ultimately found itself as Section 30, was explained in the Statement of Objects and Reasons, inter-alia in the following words:-

Sub-clauses (3) and (4) recognize the principle of 'exhaustion of rights' by preventing the trade mark owner from prohibiting on ground of trade mark rights, the marketing of goods in any geographical area, once the goods under the registered trade mark are lawfully acquired by a person. However, when the conditions of goods are changed or impaired after they have been put on market, the provision will not apply.

58. The expression 'in any geographical area', in the Statement of Objects and Reasons to the Trade Mark Bill 1999 clearly envisage that the legislative intent was to recognize the

principle of international exhaustion of rights to control further sale of goods once they were put on the market by the registered proprietor of the trade mark. But the argument was that it hardly matters if the blacksmith proclaims that he has fabricated a spade, if one can visually see that the tool fabricated has a long handle with a thin metal blade i.e. a hoe. The fabricated implement has to be called a hoe.

59. We can see no hoe and thus the logic of the argument is wanting. If the fabricated implement does not clearly define its features and there is a reasonable ground to dispute whether it is a spade or a hoe, the claim of the blacksmith has to be taken into account.

60. On the subject of an external aid to interpret a statute, suffice would it be to state that whereas debates in the legislature, being the reasons of the speakers, may be at a lower pedestal the Statement of Objects and Reasons of the Bill would stand on a much higher pedestal, and especially when the Statement of Objects and Reasons clearly states that the proposed law is based on the principle of international exhaustion of rights; it would be difficult in such a situation to ignore such a strongly expressed statement while considering the statute.

61. Undisputedly, preceding the TRIPS Agreement, when the international community debated, and what we colloquially speak of as the Uruguay Discussions, the Indian position was to permit parallel imports. Communications from India at the Uruguay Round of the General Agreement on Tariffs and Trade dated July 10, 1989 on 'Standards and Principles Concerning the Availability, Scope & Use of Trade Related Intellectual Property Rights' clearly brings out that India favoured the Doctrine of Exhaustion of Rights linked to parallel imports. It is not in dispute that Article 6 of the TRIPS Agreement has left it to the discretion of the member States to either adopt or not to adopt any Principle of Exhaustion of Rights linked to parallel imports.

62. In this context it needs to be highlighted that when the Copyright Amendment Bill 2010 was introduced, to amend the Copyright Act 1957, in the report presented by the Rajya Sabha Standing Committee, in paragraph 7.12 it was indicated as under:-

7.12 Committee was also given to understand by the representatives of the publishing industry that Scheme of the Copyright Law was entirely different from the Trade Marks Act, 1999 and the Patent Act, 1970. The application of the standards and principles of these two laws through the proposed amendment of Section 2(m) would completely dismantle the business model currently employed, rendering several industries unviable. On a specific query in this regard the Department informed that the concept of International Exhaustion provided in Section 107A of the Patent Act, 1971 and in Section 30(3) of the Trade Marks Act, 1999 and

in Section 2(m) of the copyright law were similar. This provision was in tune with the national policy on exhaustion of rights.

63. Mr. Pravin Anand, learned counsel for the respondents had drawn our attention to the views expressed by international bodies such as International Trade Mark Association, International Chamber of Commerce and International Association for the Protection of Intellectual Property and had highlighted therefrom the gains and the losses to the stakeholders if the Principle of National Exhaustion or the Principle of International Exhaustion was adopted; and had highlighted that the gains from the adoption of the Principle of National Exhaustion far outweighed the gains to the consumer from the adoption of the Principle of International Exhaustion. Learned counsel had highlighted that from an economic point of view, the Principle of National Exhaustion was more favourable. Tabulated in a chart, keeping in view the stakeholder : consumer, right holder and importer the gain and the loss would be:-

S.No.	Perspective	National Exhaustion	International Exhaustion
1.	Consumer	Uniform price (<i>LOSS</i>)	Comparatively lower prices (<i>GAIN</i>)
		Assurance of quality (<i>GAIN</i>)	No assurance of quality (<i>LOSS</i>)
		Consumer not harmed. Additionally, the consumer is always protected under the Consumer Protection Act. (<i>GAIN</i>)	There is a high likelihood that the consumer may be harmed or deceived. (<i>LOSS</i>)
		Creation or loss of goodwill in the eyes of the consumer is purely through the action of the Right Holder. (<i>GAIN</i>)	The consumer may lose faith in the product thereby leading to loss of goodwill and reputation in the market. Such loss of faith would be purely because of the actions of a 3 rd party. (<i>LOSS</i>)
2.	Right holder	Common control in quality and pricing. (<i>GAIN</i>)	May have to deal with products with differences in price and quality. (<i>LOSS</i>)
		The right holder would be bound to take responsibility for all the goods and services under the mark. (<i>GAIN</i>)	The right holder may be unable to redress consumer grievances due to lack of available resources to deal with the same. (<i>LOSS</i>)
		Increase in sales would result in increase of	Will eat into the profits of the right holder. No

		capital investment in the Indian market by the right holder. (<i>GAIN</i>)	incentive to invest in Corporate Social Responsibility (CSR). (<i>LOSS</i>)
3.	Importer	Would require the permission of the right holder. (<i>LOSS</i>)	Would require no permission from the right holder. (<i>GAIN</i>)
		Would be able to reap the benefits of the investment made by the right holder in building its brand. Eg. Advertisement, promotion expenses etc. (<i>GAIN</i>)	It would not be fair to unauthorizedly piggyback on the goodwill created by the right holder. (<i>LOSS</i>)
		Can earn profits fairly (<i>GAIN</i>)	Can earn profits through unfair practices. (<i>LOSS</i>)
		Is obliged to and shall proactively protect the intellectual property of the right holder from any misuse. (<i>GAIN</i>)	Is not obliged to protect the intellectual property of the right holder from any misuse. (<i>LOSS</i>)

64. Learned counsel for the respondents had also highlighted that from an economic perspective, National Exhaustion would be more beneficial because it encourages foreign investments to flow into India; for brand owners would set up manufacturing units in India. But, if the Principle of International Exhaustion is applied, there would be no incentive to set up manufacturing units in India because the brand owner would face competition as his goods sold abroad, at a lesser price in poor countries, would be imported and sold in the Indian market. Learned counsel urged that the Foreign Direct Investment in the manufacturing sector would create jobs. Indigenous brands would be encouraged to compete with International brands and this would enhance the quality of the products as also the market forces would themselves ensure fair prices to the consumer due to competition amongst the various players.

65. This is a matter of policy, and it is for the legislature to take a call. A statute cannot be interpreted on the reasoning aforesaid. It may be true that in a poorly developed country, with hardly any infrastructure, import of goods from the foreign shores may be the only way out and for developed countries, industrialization may be the only way forward. However, for developing economies like India, neither situation would be a win-win situation; and thus the need for the legislature to decide as to on which side of the fence should the playing field be laid.

66. But we must note that the adoption of the Principle of National Exhaustion may not necessarily encourage industry to be set up in that country, as in the instant case, a manufacturer abroad may simply get its trade mark registered in a country and import goods manufactured by it in a foreign country. Dual pricing may cause injury to the consumer, and for which we highlight the following table pertaining to the printers sold abroad by the respondents which are imported into India by the appellants and then sold in the market, and the printers imported from abroad by the respondents and sold in the Indian market:-

S.No.	Model No./Price at which appellants import and sell.	Model No./Price at which respondents import and sell.
1.	ML-1660/XSG : ₹3300/-	ML-1666/XIP : ₹6290/-
2.	SCX-3200-XSG : ₹6500/-	SCX-3201/XIP : ₹8999/-
3.	SCX-4623F/XSA : ₹9500/-	SCX-3201FN/XIP : ₹18999/-

67. We may clarify that it is not in dispute that the products are not identical but are similar; of course, the cheaper versions have lesser memory and lesser printing capacity.

68. With reference to sub-section 4 of Section 30 of the Trade Marks Act 1999 it would be relevant to note that further dealing in the goods placed in the market under a trade mark can be opposed where legitimate reasons exist to oppose further dealing and in particular where the condition of the goods has been changed or impaired. With respect to physical condition being changed or impaired, even in the absence of a statutory provision, the registered proprietor of a trade mark would have the right to oppose further dealing in those goods inasmuch as they would be the same goods improperly so called, or to put it differently, if a physical condition of goods is changed, it would no longer be the same goods. But, sub-section 4 of Section 30 is not restricted to only when the conditions of the goods has been changed or impaired after they have been put on the market. The section embraces all legitimate reasons to oppose further dealings in the goods. Thus, changing condition or impairment is only a specie of the genus legitimate reasons, which genus embraces other species as well. What are these species? (i) Difference in services and warranties as held in the decisions reported as 423 F.3d 1037 (2005) SKF USA v International Trade Commission & Ors.; 35 USPQ2d 1053 (1995) Fender Musical Instruments Corp. v. Unlimited Music Center Inc.; 589 F. Supp. 1163 (1984) Osawa & Co. v. B&H Photo. (ii) Difference in advertising and promotional efforts as held in the decisions reported as 70 F.Supp 2d 1057 PepsiCo Inc v Reyes; 589 F. Supp. 1163 (1984) Osawa & Co. v. B&H Photo. (iii) Differences in packaging as held in the decision reported as 753

F. Supp. 1240 (1991) Ferrerro USA v. Ozak Trading. (iv) Differences in quality control, pricing and presentation as held in the decision reported as 982 F.2d 633 (1992) Societe Des Produits Nestle v. Casa Helvetia. (v) Differences in language of the literature provided with the product as held in the decisions reported as 423 F.3d 1037 (2005) SKF USA v International Trade Commission & Ors.; 70F.Supp 2d 1057 PepsiCo Inc v Reyes; 816 F.2d 68, 76 (2nd Cir. 1987) Original Appalachian Artworks Inc. v. Granada Electronics Inc.

69. Now, as we see it, this can only happen in case where goods have to be imported from a country of manufacture or a country where they are put on the market thereof, and then imported into India. Only then would there be a difference in the language of the literature provided with the product; difference in services and warranties in the country from where the goods are imported by the seller and the country of import i.e. the manufacturer's warranties not being available in the country of import; difference in quality control, pricing and presentation as also differences in advertising and promotional efforts.

70. This is also an indication of India adopting the Principle of International Exhaustion of Rights in the field of the Trade Mark Law.

71. We accordingly conclude that 'the market' contemplated by Section 30(3) of the Trade Marks Act 1999 is the international market i.e. that the legislation in India adopts the Principle of International Exhaustion of Rights.

72. That leaves the last submission of the respondents, that in view of Section 30(4) they are entitled to oppose further dealings by importers of their printers to India.

73. It is not the case of the respondents that the appellants are changing the condition of the goods or impairing the goods which are put in the foreign market by respondent No. 1 or its subsidiary companies abroad. What is pleaded is that the physical features of the printers sold abroad are different from the features of the printers sold in India. But this is irrelevant as long as the goods placed in the International market are not impaired or condition changed. It is pleaded that the respondents have no control pertaining to the sale, distribution and after sales services of its goods which are imported by the appellants and sold in India. Now, the Principle of International Exhaustion of Rights itself takes away the right of the respondents to control the further sale and further distribution of the goods. With respect to after sales services, since the respondents do not warranty anything regarding their goods sold abroad, but imported into India and further sold, they not

being responsible for the warranty of those goods, nothing turns thereon, as regards said plea. There may be some merit that the ordinary consumer, who is provided with warranties and after sales by the appellants, on not receiving satisfactory after sales service, may form a bad impression of the product of the respondents and thus to said extent one may recognize a possible damage to the reputation of the respondents pertaining to Samsung/SAMSUNG printers and Samsung/SAMSUNG products sold in India after importation. But, this can be taken care of by passing suitable directions requiring the appellants to prominently display in their shop that the Samsung/SAMSUNG printers sold by them are imported by the appellants and that after sales services and warranties are not guaranteed nor are they provided under the authority and control of the respondents and that the appellants do so at their own end and with their own efforts. This would obviate any consumer dissatisfaction adversely affecting the reputation of the respondents, and thus if this is done, the respondents can claim no legitimate reasons to oppose further dealing in Samsung/SAMSUNG products in India.

74. As regards the appellants meta-tagging their websites with those of the respondents, the learned Single Judge has correctly enjoined the appellants from so doing, which injunction we affirm. The argument by the appellants that how else would the appellants know about the working of the particular product hardly impresses us for the reason the appellants can design their website in a manner where they are able, on their own strength, without any meta-tagging, to display the relevant information.

75. The appeal is partially allowed. Impugned judgment and order dated February 17, 2012 is set aside insofar the appellants have been restrained from importing printers, ink cartridges/toners bearing the trade mark Samsung/SAMSUNG and selling the same in India. The appellants shall continue to remain enjoined from meta-tagging their website to that of the respondents. But, while effecting sale of Samsung/SAMSUNG printers and ink cartridges/toners, the respondents shall prominently display in their showrooms that the product sold by them have been imported from abroad and that the respondents do not give any warranty qua the goods nor provide any after sales service and that the warranty and after sales service is provided by the appellants personally. The appellants would prominently display in their showrooms:

Samsung/SAMSUNG Products sold are imported into India and SAMSUNG (KOREA) does not warranty the quality of the goods nor provides any after sales service for the

goods. We warranty the quality of the goods and shall provide after sales service for the goods.

76. The last recital. The opinion expressed is prima-facie for the purposes of deciding the application filed by the respondents seeking interim injunction and would not be construed as a conclusive opinion with reference to the facts. The final decision would be keeping in view the evidence led.

77. We place on record our gratitude to learned counsel for the parties for having rendered able assistance while navigating the ship. Parties shall bear their own costs all throughout.

* * * * *

Hawkins Cookers Ltd. Vs. Murugan Enterprises

2012(50)PTC389(Del)

Pradeep Nandrajog, J.

1. The appellant is the registered proprietor of the trademark "HAWKINS?" in respect of pressure cookers and parts thereof, including gaskets, falling under Class-21 of the erstwhile Trade and Merchandise Marks Act 1958. Who has not heard about "Hawkins? Pressure Cookers? It is a well known brand. The grievance relates to the respondent, M/s. Murugan Enterprises, manufacturing and selling gaskets under the trademark "MAYUR?; but on the packaging material printing:

Suitable for :

Hawkins

Pressure Cookers.

2. Whereas the words "suitable for?" and "Pressure Cookers?" are printed in black colour, the word "Hawkins?" is printed in red colour and thus it is apparent that the intention is that the word "Hawkins?" catches the eye.

3. The appellant alleges that by so writing on the packaging material, the respondent is infringing upon its registered trademark. It is the case of the appellant that the gaskets pertaining to pressure cookers are not manufactured by the respondent for any particular brand of pressure cooker, much less Hawkins Pressure Cookers and that the gaskets of pressure cookers can fit any pressure cooker manufactured by any manufacturer, for the reason all pressure cookers have the same dimensions of the mouth and hence the lid size, the only correlation is to the capacity of a pressure cooker i.e. 1 liter, 2 liter etc. Thus, the appellant contends that the respondent cannot use the word "Hawkins?", which is the trademark of the appellant, in relation to the goods gaskets, forming part of Hawkins pressure cookers for the reason it is not reasonably necessary for the respondent to indicate that the gasket manufactured by it is adaptable to the pressure cookers manufactured by the appellant.

4. The appellant has lost the battle before the learned Single Judge, who has correctly noted the law on the subject, i.e. Section 30(2)(d) of the Trade Marks Act 1999, which reads as under:-

30. Limits on effect of registered trade mark.-

(2) A registered trade mark is not infringed where-...

(d) the use of a trade mark by a person in relation to goods adapted to form part of, or to be accessory to, other goods or services in relation to which the trade mark has been used without infringement of the right given by registration under this Act or might for the time being be so used, if the use of the trade mark is reasonably necessary in order to indicate that the goods or services are so adapted, and neither the purpose nor the effect of the use of the trade mark is to indicate, otherwise than in accordance with the fact, a connection in the course of trade between any person and the goods or services, as the case may be;

(e)"

5. The grievance of the appellant is to the fact that the learned Single Judge has proceeded on the basis, that as per the evidence, gaskets manufactured by the respondent are specially made,

to be fitted in Hawkins Pressure Cookers, a fact noted by the learned Single Judge in paragraph 64 of the impugned decision. As per the appellant, this is not so. The gaskets manufactured by the respondent, as also other manufacturers, are neither designed, nor are capable of being designed, to be used in any particular kind of pressure cooker, for the reason all pressure cookers are so designed that the mouth of the pressure cooker and the corresponding lid is of same dimension; the only variation being with respect to the capacity of a pressure cooker. In other words, a gasket pertaining to a 1 liter capacity pressure cooker would fit all pressure cookers manufactured by all manufacturers.

6. The law on the subject need not be culled by us with reference to the decisions rendered abroad, for the reason we have at hand a statute which deals with the subject. The same is Section 30(2)(d) of the Trade Marks Act 1999, contents whereof have noted by us in para 5 above.

7. Section 29 of the Trade Marks Act 1999 relates to the protections available to registered trademarks and thus the rights available to the proprietor of a registered trademark. Section 30 of the said Act, vide sub-section (1) thereof, clearly states that nothing in Section 29 shall be construed as preventing the use of a registered trademark by any person for the purposes of identifying goods or services, in the situations contemplated by Clause (a) and (b) of Sub-Section (1) of Section 30; provisions with which we are not concerned for the case at hand.

8. Sub-section (2) of Section 30, legislates on the subject, when a registered trademark would not be infringed, and of the various situations contemplated, vide clause (d) of sub-section (2) of Section 30, is the situation where the manufacturer of goods which form part of or are an accessory to other goods for which a trademark exists is entitled to indicate that the accessory goods are adaptable to some other goods and it is reasonably necessary to so indicate. In such a situation, reference to the registered trademark of another person would not be actionable.

9. Now, at the heart of the matter in dispute in the instant appeal is: When would it be a case of the "use of the trademark being reasonably necessary in order to indicate that the goods are so adapted?"

10. The answer has to be found in the meaning of the two words "reasonably necessary?"

11. Of the various meanings of the word "necessary?", one meaning is "inherent in the situation?". Of the various meanings of the word "reasonable?" one meaning is "just?"

12. Thus, the twin word "reasonably necessary?" would mean that inherent in the situation it would be just; and in the context of Clause (d) of sub-section (2) of Section 30 of the Act, it would mean that where the goods which are claimed to be adaptable to some other goods would entitle the manufacturers of the goods which are adaptable to so indicate by reference to the trademark of the other goods provided it is just to so do and this would mean that the goods claimed to be adaptable are specifically manufactured to be used as a part of the other goods alone. This will not apply where the goods are capable of adaptable use to all goods manufactured by different manufacturers to which they are adaptable. In said circumstance to indicate on the goods that they are adaptable only to the goods of only one manufacturer would be a clear violation of the trademark of the said manufacturer and Section 30 (2) (d) would not come into aid.

13. Let us illustrate. "A" manufactures pump sets, having a motor, and a pulley, through the rotation of which, the pump is made to mechanically lift water. The motor, the pulley and the pump are three separate distinct constitutive elements of the pump set. The distance between the motor and the pump is unique to the pump set manufactured by "A". "B" manufactures only pulleys. These are used by various manufacturers of pump sets, saw mills, flour mills etc. i.e. wherever electrical energy has to be converted into mechanical energy. The pulleys manufactured by "B", which are adaptable to the pump sets manufactured by "A", would obviously require "B" to so inform the consumer, and in such situation, if on the packaging material "B" were to indicate that the particular pulleys manufactured by him are adaptable to the pump sets manufactured by "A" this being the only way in which "B" can inform the buyer, no infringement of "A's trade mark would result. To simply state, if "A" was to sell his pump sets under the trademark "CHAMPION", "B" would be perfectly justified in writing or printing on the packaging material: "Suitable for champion pumps". Of course, this would be subject to the condition that "B" prominently displays his trademark and does not give undue prominence to the word "CHAMPION". But, if all the pump sets manufactured by different manufacturers have same distance between the motor and the pump and identical dimensional pulleys are used in all the pump sets, it would not be a case where "B" would be entitled to print on the packaging material that the pulley manufactured by him is suitable for a particular brand of pump sets.

14. Parties had led evidence by way of affidavit, and as per the affidavit by way of evidence filed by the witness of the appellant, in para 5 it has been specifically deposed to as under:-

5. I say that the dimension of all the lids which are inward opening are the same. Therefore the gaskets for inward opening lid pressure cooker can be interchangeably used generally for all brands of pressure cookers in the market. Similarly the gaskets of outward opening lid cooker can be interchangeably used generally for all the outward opening lid of all brands of cookers in the market irrespective of their brand.

15. In paragraph 2 of the affidavit by way of evidence filed by the witness of the respondent, it is specifically deposed to as under:-

2. I state that the defendant manufactures gaskets, which are used for different types of Pressure Cookers including the Pressure Cooker manufactured by the plaintiff. I state that defendant is a second line manufacturer manufacturing an Ancillary product to the Pressure Cooker.

16. In paragraph 64 of the impugned decision, the learned Single Judge has noted that: the defendant in the affidavit has emphasized that the gaskets manufactured by them are specifically made for them to be fitted in the Hawkins pressure cookers.

17. This finding of fact recorded is contrary to the record. The positive stand of the appellant, is as deposed to by its witness, in paragraph 5 of the affidavit by way of evidence and the categorical stand of the witness of the respondent is as per paragraph 2 of the affidavit by way of evidence filed by its witness; the contents of which two paragraphs have been noted by us in paragraphs 15 and 16 above.

18. We note that the learned Single Judge has correctly noted the law: that if in the sale it becomes reasonably necessary for the manufacturer of adaptable goods, to refer to the trademark of the relatable goods, such reference would not amount to an infringement of the

trademark under which the relatable goods are sold, but has misapplied the evidence on record. The error committed is by proceeding upon the premise that the evidence establishes that the respondent manufactures gaskets specifically for the special sizes of pressure cookers manufactured by the appellant, ignoring that the evidence is to the contrary. Clarifying that the undisputed evidence brings out that gaskets pertaining to pressure cookers, irrespective of the brand or the manufacturer, are identically designed for pressure cookers of different sizes i.e. smallest gaskets for one liter pressure cookers, bigger gaskets for two liter pressure cookers and yet bigger gaskets for three liter pressure cookers and so on; and thus a gasket of a particular size would fit the lid of all pressure cookers manufactured by different manufacturers of the same relatable size, would mean that it is not reasonably necessary to indicate, for the benefit of the consumer, that the adaptable goods relate to only one particular brand of pressure cookers.

19. It also needs to be highlighted that it has escaped the attention of the learned Single Judge that while writing: "Suitable for Hawkins Pressure Cookers?", the respondent has given undue prominence to the word "Hawkins?" by printing it in a distinct red colour and the remaining words of the sentence are printed in black colour.

20. Clarifying that the respondent, may, if it so chooses, indicate on the packaging material of the gasket that the gasket is suitable for all pressure cookers, as is being done by other manufacturers of gaskets, evidenced by Ex.PW-2/1 (Colly.), we allow the appeal and set aside the impugned judgment and decree dated January 04, 2008 and decree the suit filed by the appellant, but limited to prayer (a) and (b) thereof. We grant the respondent three months time to dispose of the existing packaging material containing the offending printed material and for which we direct the respondent to file an affidavit in the suit disclosing the number of plastic pouches lying with it on which the offending sentence has been written. Prayer pertaining to rendition of accounts, being not pressed, is declined.

21. Decree would be drawn in terms of prayer (a) and (b) in the suit. We leave the parties to bear their own costs all throughout.

* * * * *

ITC Limited v. Philip Morris Products SA
2010(42)PTC572(Del)

S. RAVINDRA BHAT, J.

1. This order will dispose of the application under Order 39 Rules 1 and 2.

2. The plaintiff (hereafter referred to as "ITC") contends being one of India's largest private sector companies with an annual turn-over of Rs. 23,144 crores. It claims having diverse business in products and services such as hotels, paperboards, speciality papers, packaging, agro-business, Fast Moving Consumer Goods (FMCG), including cigarettes; foods, confectionary, Information Technology, branded-apparel, personal care, stationery etc. It also contends being one of the country's largest foreign exchange earners...

3. ITC launched its hotel business in 1975; it claims to be using the "WELCOMGROUP" logo since 1975. The suit describes 14 hotels under the ITC "WELCOMGROUP" banner in various locales and cities in India, including ITC Maurya in New Delhi; ITC Windsor in Bengaluru; ITC Maratha at Mumbai; ITC Sonar at Calcutta; ITC Grand at Mumbai and ITC Mughal at Agra. ITC claims that its "WELCOMGROUP" mark/logo has been in continuous and extensive use on its products and packaging of its famous "Kitchens of India" range of ready-to-eat food products.

4. ITC mentions about the long, continuous and extensive use of the "WELCOMGROUP" logo which was adopted and used since 1975, i.e. 34 years ago. That logo along with its derivatives is asserted as an essential feature of several registered trademarks of ITC; the details of such registrations are mentioned in para 13 of the suit; they include classes-8, 30, 34 and 42, in relation to various products and services. ITC also mentions that it owns trademark registrations in several classes in as many as 14 other countries. ITC has provided, in support of the averments, copies of trademark registrations in India as well as abroad.

5. ITC states that the third defendant is a company existing under Indian laws, doing business in tobacco, FMCG, cosmetics, retail business etc. It states that from recent media reports, it became aware that the second defendant (hereafter referred to as "Philip Morris") is a member of the "Philip Morris Group of Companies". The first defendant, Philip Morris Products SA, owns the trademark "Marlboro"; the defendants are hereafter collectively referred to as "Philip Morris". Philip Morris has introduced its cigarettes in India by the name "Marlboro". The third defendant is licensed to use the said registered mark "Marlboro" to market cigarettes by the second defendant. ITC alleges that Philip Morris launched cigarette products under the "Marlboro" brand only a few years back. Initially, they used to import goods into India; however, recently they have started manufacturing the "Marlboro" cigarettes in India also.

6. ITC alleges that since their launch in India, the defendants have used only its traditional "Marlboro" logo; those logos have been reproduced in para 23 of the suit. The plaintiff is

aggrieved by the defendants' launching their packaging for "Marlboro" cigarettes where it is alleged Philip Morris uses a mark or logo that is identical or similar to ITC's NAMASTE "WELCOMGROUP" mark/logo. It is alleged that the normal mark/logo used by Philip Morris in its cigarette packaging has been discontinued and instead an entirely differently styled logo and mark, which is closely similar to and identical with the plaintiff's "WELCOMGROUP" logo has been used. The plaintiff alleges that the use of the impugned logo (which is a styled "M" tilted towards the right, as if it is in flames, in yellow color on dark packaging) (hereafter referred to as "the flaming logo") would injure by association with the plaintiff's distinctive trademark and copyright in the artistic work vis-à-vis the "WELCOMGROUP" logo (hereafter called "the W-NAMASTE logo").

7. The plaintiff urges that the W-NAMASTE logo is a permanent and essential feature of all its products and services. One of its main businesses is tobacco and cigarettes and the use of an identical or similar mark connects or links the Marlboro's flaming logo with ITC's products as to constitute both infringement and passing-off. It is asserted that the unimpeded use of Marlboro's flaming logo results in blurring and dilution of the distinctive character of the plaintiff's W-NAMASTE mark which has been in use for the last 34 years continuously. It is also contended that the flaming logo of Philip Morris for its "Marlboro" cigarettes are contrary to honest practices, and a deliberate departure from the use of its traditional "Marlboro" logo which amounts to the defendants' taking unfair advantage, without cause of the plaintiff's W-NAMASTE "WELCOMGROUP" mark and logo.

9. Referring from the pleadings and the documents produced from the record, Mr. Rajiv Nayyar, learned senior counsel for the plaintiff submitted that Philip Morris's attempt amounts to infringement within the meaning of the expression under Section 29(4) of the Trademark Act, 1999 (hereafter called "the Act"). It is also contended that the ITCs "WELCOMGROUP" W-NAMASTE mark has become a famous mark within the meaning of the term under the Act so as to enable it (ITC) to seek injunction for its protection against attempt by anyone to associate that trademark with its goods or services - whether those goods or services concern the "WELCOMGROUP" hotel services or not. It is emphasized that all the elements prescribed under Section 29(4), i.e. the marks being identical or similar; the plaintiff's mark having a distinctive character and reputation in India and the likelihood of injurious association, with respect to dissimilar services are present. Initially, the plaintiff had urged that the impugned mark infringes its mark in terms of Section 29(1) and (2) of the Act, but later confined the submissions to a complaint that the infringement by the defendants is in terms of Section 29(1).

10. ITC relies upon the decisions in *Ramdev Food Products Pvt. Ltd. v. Arvindbhai Rambhai Patel and Ors.*, 2006(33) PTC 281 in support of the arguments that even though Philip Morris may not be using the plaintiff's W-NAMASTE trademark, its get-up is so like ITCs as to amount to passing-off and infringement. Learned Counsel contended that the plaintiff prima facie has also established that Philip Morris is improperly using or seeking to appropriate the "WELCOMGROUP" W-NAMASTE logo so as to entitle it (ITC) to an ad interim injunction. It is further argued that the sudden change from the traditional Marlboro logo to the flaming logo is a deliberate and calculated move to appropriate the plaintiff's reputation in respect of the Namaste logo and trademark.

11. Learned Counsel relied upon the decision reported as *Taw Manufacturing Coy. Ltd. v. Notek Engineering Co. Ltd.*, 68 RPC 271, to say that what the plaintiff has to establish is not actual infringement but the likelihood of confusion based on the substantial similarity or identity of the marks. The test, it is emphasized is not of an exacting, but that of an unwary customer with imperfect recollection. Learned Counsel also relied upon McCarthy on Trademarks and Unfair Competition, Volume-3. ITC relies upon the judgment reported as P.C. Mallappa v. McDonalds Corporation 1999 PTC 9 that the test accepted by the Courts in India is similar while considering whether the impugned mark infringes the plaintiff's mark or is confusingly similar to it.

12. Learned Counsel next relied upon *Daimler Benz Aktiengesellschaft and Anr. v. Hybo Hindustan*, 1994 PTC 287; *Aktiebolaget Volvo and Ors. v. A.K. Bhuvra and Ors.*, 2006 (32) PTC 682 and *William Grant and Sons Limited v. McDowell and Co. Ltd.*, 55(1994) DLT 80 to submit that the concept of trademark dilution through injurious association, in relation to dissimilar goods or services is well-entrenched in India, in respect of distinctive and well-known trademarks. Learned Counsel elaborated on this and submitted that the question of dilution has to be seen from the perspective of the trademark owner, who painstakingly establishes its (or his) business and acquires hard-earned distinction. Even though the trademark or name may relate to specified goods or services or a few of them, its indiscriminate use by others, in respect of unrelated goods, would blur the identity of the mark, diminish it and ultimately extinguish its distinctiveness. Learned Counsel submitted that Section 29(4) of the Act achieves the objective of protecting such distinctive marks. If the plaintiff is able to prima facie establish that the two marks are either identical or very similar, that the impugned mark concerns unrelated goods or services becomes immaterial by virtue of Section 29(4)(a). The defendants have to, in those circumstances, show a reasonable explanation for its use or appropriation of the impugned mark, failing which the normal standard of injunction spelt-out by the Supreme Court in *Midas Hygiene Industries (P) Ltd. v. Sudhir Bhatia*, 2004 (28) PTC 121 has to be applied and injunction should follow, as a matter of course.

The Defendant's stand

13. Philip Morris says that ITC's Welcomgroup "Namaste" logo is used in relation to services such as food preparations, articles, hotels, restaurants and services. However, there is no averment or evidence that this logo has been used in respect of cigarettes. In the list of 18 registrations held by the plaintiff in relation to the alleged "WELCOMGROUP" logo and its formative variants, says Philip Morris, the following aspects emerge very conspicuously. It is argued that:

- (i) The logo in itself, i.e., the artistic work alone is not independently registered. The logo in question features only one of the various elements of a larger composite mark which includes descriptive features of the goods or services in question or the expressions indicative of advertisement by lines such as 'we enjoy people'.
- (ii) ITC's 14 out of 18 registrations are for services classification, where the logo registered shows an insignificant part of the overall service marks where the most prominent feature is the hotel name and depiction of the ITC house mark.

(iii) The house mark of the plaintiff is the logo encompassing the letters "ITC" in the shape of a triangle it is not the logo WELCOMGROUP W-NAMASTE in question.

(iv) Though, in relation to tobacco products falling in class 34, ITC has a registration, (disclosed at page 21 A) that mark has never been used by it for selling its tobacco products.

14. Philip Morris says, the "WELCOMGROUP" logo which is a device depicting folded-hands, is primarily used by ITC, in relation to its hospitality services - even that with relatively insignificant ingredients of larger conjunctive/composite marks; it has not been used in relation to cigarettes. Philip Morris also points out that ITC consciously omitted to obtain any independent registration in relation to the Namaste logo in India while it opted to do so in Australia and Iran - even there registration is confined to the service mark and holds good only in relation to restaurant services (Class- 42 services).

15. The defendants say that ITC is estopped from alleging trademark infringement by reason of Section 17 of the Act. In this regard, it is submitted that the logo in question is one of the several matters forming part of the overall trademarks, in respect of which registrations are allegedly obtained by ITC. Assuming but not admitting about subsistence of the said registrations or that they are entitled to remain on the register, Philip Morris says that the registration of the logo does not confer any exclusive right in favour ITC, since the logo as a stand-alone ingredient of the overall trademark is unregistered.

20. Philip Morris says that it has independent and distinctive trademarks in the word mark, their logo mark is also completely dissimilar to that of the plaintiff. This, it is contended, is acknowledged by the plaintiff in para 23 of the suit whereby it clearly emerges that if the roof-device of the defendants is dissimilar to ITC's 'W-Namaste'; it is urged that there is no possibility of infringement of copyright or the trademark, nor is there any likelihood of deception or confusion in the minds of even casual smokers. According to Philip Morris, ITC's case is not that the hospitality industry segment is so prominently engaged in selling cigarettes as a commodity that an unwary purchaser may be misled in confusing the outline version of the roof-device logo of the defendants with that of the "W-Namaste" logo of the plaintiff. Philip Morris says that customers patronizing such hotels, familiar with the "W-Namaste" logo (of the plaintiff) are persons from a relatively affluent class who are not likely to mistake a Marlboro cigarette with the plaintiff's product merely because its roof device is displayed in the hollow form. The statutory rules, points Philip Morris, mandate that all cigarette manufacturers have to display the name of the manufacturer/source of manufacturer and all cigarettes are sold on the strength of word-marks as well.

21. Philip Morris claims that its registered trademark "Marlboro" is a trademark known the world-over, and a 'well-known trademark', as defined in Section 2(1)(zg) of the Act. The trademark Marlboro was first registered in 1956 and is currently registered in about 118 jurisdictions. The registered marks of Philip Morris consists of the characteristic 'roof device' which is an integral part of the mark and is used in all packaging of the various cigarettes sold under the Marlboro brand. The roof device is also a separately registered mark in several jurisdictions. The said trademarks, devices and logos associated with the Marlboro brands have acquired worldwide reputation and are easily recognizable and well-known to the smoking public and there is no scope of its being confused with any other brand of cigarettes.

22. It is argued that Marlboro cigarettes are sold in more than 160 countries all over the world; they have been imported into and sold in India since 2003. Even prior to that, Marlboro cigarettes were freely available in duty-free shops at International Airports in India. Since July 2009, Marlboro red and gold cigarettes are being manufactured in India. Marlboro cigarettes sold in India belong to the segment known as 'King Size Filters'. The price of Marlboro cigarettes sold in India range from Rs. 90/- to Rs. 94/-, for a packet of 20 cigarettes. There are only a few other brands of cigarettes available in the market in the same competing category.

23. It is submitted that the consumers of Marlboro cigarettes are, therefore, at the higher end of the market of cigarette smokers who are well-aware of the identity of various brands and the question of confusion or deception with the impugned design/logo with that of the plaintiff's claimed design/logo is impossible. The defendants say that the only plausible driving force behind the present suit is that the plaintiff is threatened by the No. 1 brand in the world, Marlboro, which the Defendant No. 3 is authorized to and is manufacturing in India. The defendants are marketing their brand of cigarettes in Kingsize segment in respect of which the plaintiff is the market leader in India and as such the plaintiff is feeling threatened with the increased and more direct presence of Marlboro brand cigarettes in India. The defendants also say that their roof device logo, in a large number of variants is registered as a trademark in various countries all over the world. In India, the trademark of the Defendant No. 1 is registered in Class-34 meant for manufactured tobacco products, including cigarettes in different variants, which are described in the written statement. In the last Diwali season, similar looking festival packs, were imported and sold in the Indian market but the plaintiff has opted to institute the present suit only in this year for the reason that it is apprehensive of its ability to withstand the quality competition from the defendants. The plaintiff is the market-leader and the dominant player in the king-size cigarette segment and as such, controls more than 98% of the king-size cigarette market-share. This suit is nothing but a device to kill competition and maintain monopoly.

24. The defendants submit that the plaintiff has already acquiesced by permitting the Defendant Nos. 1 and 2 to sell their cigarettes in the last two years, as stated above (diecut style in 2007 and torch-flame style in 2008) and as such the plaintiff is estopped from sustaining the present litigation, particularly in relation to goods in the nature of cigarettes which is a fast moving consumer merchandise. The inaction of the plaintiff in not complaining in respect of the earlier 2007 and 2008 packs which had a closely similar design as the design impugned in this suit clearly establishes that the plaintiff has not suffered any damage and it has not diluted or blurred the reputation or mark of the plaintiff. Therefore, they are not entitled to the equitable remedy of injunction. *(see Paras 17-18 of the judgement for details. These paras have been deleted here)*

25. The defendants refer to the independent goodwill and reputation of their Marlboro brand cigarettes comprising of the wordmark "Marlboro" and the device of the roof logo, which is not similar to the "W Namaste" logo of the plaintiff (which in any case is irrelevant for cigarettes) having never been used for cigarettes...

26. The defendants emphasize that the plaintiff's action for alleged dilution of its mark has to be judged from the standards prescribed by Section 29(4) of the Act which postulates that

(2) A registered trade mark is infringed by a person who, not being a registered proprietor or a person using by way of permitted use, uses in the course of trade, a mark which because of -

(a) its identity with the registered trade mark and the similarity of the goods or services covered by such registered trade mark; or

(b) its similarity to the registered trade mark and the identity or similarity of the goods or services covered by such registered trade mark; or

(c) its identity with the registered trade mark and the identity of the goods or services covered by such registered trade mark is likely to cause confusion on the part of the public, or which is likely to have an association with the registered trade mark.

(3) In any case falling under Clause (c) of Sub-section (2), the court shall presume that it is likely to cause confusion on the part of the public.

(4) A registered trade mark is infringed by a person who, not being a registered proprietor or a person using by way of permitted use, uses in the course of trade, a mark which -

(a) is identical with or similar to the registered trade mark; and

(b) is used in relation to goods or services which are not similar to those for which the trade mark is registered; and

(c) the registered trade mark has a reputation in India and the use of the mark without due cause takes unfair advantage of or is detrimental to, the distinctive character or repute of the registered trade mark.

(5) A registered trade mark is infringed by a person if he uses such registered trade mark, as his trade name or part of his business concern dealing in goods or services in respect of which the trade mark is registered.

(6) For the purposes of this section, a person uses a registered mark, if, in particular, he -

(a) affixes it to goods or the packaging thereof;

(c) offers or exposes goods for sale, puts them on the market, or stocks them for those purposes under the registered trade mark, or offers or supplies services under the registered trade mark;

(d) uses the registered trade mark on business papers or in advertising.

(7) A registered trade mark is infringed by a person who applies such registered trade mark to a material intended to be used for labeling or packaging goods, as a business paper, or for advertising goods or services, provided such person, when he applied the mark, knew or had reason to believe that the application of the mark was not duly authorized by the proprietor or a licensee.

(8) A registered trade mark is infringed by any advertising of that trade mark if such advertising-

(a) takes unfair advantage of and is contrary to honest practices in industrial or commercial matters; or

- (b) is detrimental to its distinctive character; or
- (c) is against the reputation of the trade mark.

(9) Where the distinctive elements of a registered trade mark consist of or include words, the trade mark may be infringed by the spoken use of those words as well as by their visual representation and reference in this section to the use of a mark shall construed accordingly.

29. Indian law has mirrored English law, on the subject. The relevant provision in Section 10(3) of the UK Trade Marks Act, 1994, reads as follows:

Section 10(3):

A person infringes a registered trade mark if he uses in the course of trade a sign which-

- (a) is identical with or similar to the trade mark, and
- (b) is used in relation to goods or services which are not similar to those for which the trade mark is registered, where the trade mark has a reputation in the United Kingdom and the use of the sign, being without due cause, takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark...

30...In *Ramdev Food Products (P) Ltd. v. Arvindbhai Rambhai Patel*, (2006) 8 SCC 726 the Supreme Court noted the decision of the European Court in *Canon Kabushiki Kaisha v. Metro Goldwyn Mayer Inc.*, 1999 RPC 117 to the following effect:

“28. That case concerned the interpretation of Article 4(1)(b) of the directive insofar as it refers to 'a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark'. The court explained that it had been submitted that 'the likelihood of association may arise in three sets of circumstances: (1) where the public confuses the sign and the mark in question (likelihood of direct confusion); (2) where the public makes a connection between the proprietors of the sign and those of the mark and confuses them (likelihood of indirect confusion or association); (3) where the public considers the sign to be similar to the mark and perception of the sign calls to mind the memory of the mark, although the two are not confused (likelihood of association in the strict sense) (para 16 of the judgment).

29. The court stated that it was therefore necessary to determine 'whether Article 4(1)(b) can apply where there is no likelihood of direct or indirect confusion, but only a likelihood of association in the strict sense' (para 17 of the judgment). It concluded: 'The terms of the provision itself exclude its application where there is no likelihood of confusion on the part of the public' (para 18 of the judgment). Thus, the court held that 'the mere association which the public might make between two trademarks as a result of their analogous semantic content is not in itself a sufficient ground for concluding that there is a likelihood of confusion' within the meaning of Article 4(1)(b).... ..

40. That view is also confirmed by the judgment of the court in Sabel, in which it held that the 'likelihood of confusion must...be appreciated globally, taking into account all factors relevant to the circumstances of the case' (at para 22). It is true that that statement was made in a different context: the court was there considering the question whether conceptual similarity of the marks alone could give rise to confusion within the meaning of

Article 4(1)(b), in a situation in which the goods in question were clearly the same. However, the statement is one of general application.”

31. As Section 29(1) and (2) of the Act clarify, infringement actions cover resemblance or deceptive similarity between a registered mark and another, in relation to the same or similar goods. In such case, if the requisite degree of resemblance is established, infringement has to be presumed, by virtue of Section 29(3). However, the legislature has devised a slightly different standard in case of infringement of trademarks, where the goods or products are not similar, but are dissimilar. This is, in Trademark law parlance, known as action for trademark dilution.

32. The concept of dilution was first thought of by Frank I Scheckter, in "The Rational Basis of Trade Mark Protection" [1927] 40 Harvard Law Review 813. Judge Learned Hand's famous opinion in *Yale Electric Corp. v. Robertson*, 26 F.2d 972 (2d Cir. 1928) which approved injunctive relief against a defendant's use of a mark similar to that of the plaintiff in connection with unrelated goods states, inter alia, that:

“[I]t has of recent years been recognized that a merchant may have a sufficient economic interest in the use of his mark outside the field of his own exploitation to justify interposition by a court. His mark is his authentic seal; by it he vouches for the goods which bear it; it carries his name for good or ill. If another uses it, he borrows the owner's reputation, whose quality no longer lies within his own control. This is an injury, even though the borrower does not tarnish it, or divert any sales by its use; for a reputation, like a face, is the symbol of its possessor and creator, and another can use it only as a mask. And so it has come to be recognized that, unless the borrower's use is so foreign to the owner's as to insure against any identification of the two, it is unlawful.”

33. The old law in India, i.e the Trade and Merchandise Marks Act, 1958, did not have provision for trademark dilution, as in the case of Section 29(4). The principle of dilution therefore, was developed by our courts, having regard to internationally recognized standards about the need to protect generally well known trademarks, whose exploitation, without any good cause in relation to diverse and dissimilar products or services could injure and "dilute" its appeal. Thus, in *Daimler Benzaktiegesellschaft and Anr. v. Eagle Flask Industries Ltd.*, ILR (1995) Delhi 817 this Court held that:

“14. There are marks which are different from other marks. There are names and marks which have become household words. Mercedes as name of a Car would be known to every family that has ever used a quality car. The name "Mercedes" as applied to a car, has a unique place in the world. There is hardly one who is conscious of existence of the cars/automobiles, who would not recognize the name "Mercedes" used in connection with cars. Nobody can plead in India, where "Mercedes" cars are seen on roads, where "Mercedes" have collaborated with TATAs, where there are Mercedes Benz-Tata trucks have been on roads in very large number, (known as Mercedes Benz Trucks, so long as the collaboration was there), who can plead that he is unaware of the word "Mercedes" as used with reference to car or trucks.

15. *In my view, the Trade Mark law is not intended to protect a person who deliberately, sets out to take the benefit of somebody else's reputation with reference to goods, especially so when the reputation extends worldwide. By no stretch of imagination can it be said that use for any length of time of the name "Mercedes" should be not, objected to.*

16. *We must keep in mind that the plaintiff company exists in Germany. An insignificant use by too small a product may not justify spending large amounts needed in litigation. It may not be worthwhile.*

17. *However, if despite legal notice, any one big or small, continues to carry the illegitimate use of a significant world wide renowned name/mark as is being done in this case despite notice dated 04-07-1990, there cannot be any reason for not stopping the use of a world reputed name. "None should be continued to be allowed to use a world famed name to goods which have no connection with the type of goods which have generated the world wide reputation.*

18. *In the instant case, "Mercedes" is a name given to a very high priced and extremely well engineered product. In my view, the defendant cannot dilute that by user of the name Mercedes with respect to a product like a thermos or a casserole."*

The observations have been assimilated in case law, by the courts in India, and applied, wherever trademark dilution was alleged (Ref *Larsen and Toubro Limited v. Lachmi Narain Traders*, ILR (2008) Delhi 687, *Sunder Parmanand Lalwani and Ors. v. Caltex (India) Ltd.*, AIR 1969 Bom 24; *Bata India Ltd. v. Pyare Lal and Co. Meerut City and Ors.*, AIR 1985 All 242; *Kiriloskar Diesel Recon (P) Ltd. v. Kirloskar Proprietary Ltd.*, AIR 1996 Bom 149)

34. The Act, as existing is not explicit about dilution- it does not refer to that term. Yet, the entire structure of Section 29(4) is different from the earlier part, and in effect expresses Parliamentary intent about the standards required for a plaintiff to establish dilution of its trademark, in relation to dissimilar goods or products. This is because:

(1) The "likelihood of Confusion" test which is the essential basis of Trademark law, is not incorporated in relation to infringement of the kind Section 29(4) envisions. Section 29(1) - which talks of trademark infringement, generally, prescribes that the impugned mark should be "identical with, or deceptively similar to" the registered trademark. Section 29(2), (which deals with trademark infringement) enacts that the impugned mark should be similar or identical with the registered mark, as to cause confusion in relation to similar goods. The emphasis on similar goods is the recurring theme in each of the sub Clauses ((a), (b) and (c)) and the identity/ similarity requirement along with the similarity of goods are twin, conditions (established by the use of the conjunctive "and"). However, Section 29(4) posits identity or similarity of the mark alone but, in relation to dissimilar goods.

(2) The object of the "dilution" form of infringement (under Section 29(4)) in effect, is a wider trademark protection without the concomitant likelihood of confusion requirement, as it is in respect of dissimilar or unrelated products and services.

(3) The confusion requirements under Section 28 are different from those under Section 29(4). Section 29(4) does not refer to the need for proving confusion anywhere in the relevant portions. Obviously the emphasis here is different.

(4) The plaintiff has to establish, under Section 29(4) apart from the similarity of the two marks (or their identity) that his (or its) mark -

(i) has a reputation in India;

(ii) the use of the mark without due cause

(iii) the use (amounts to) taking unfair advantage of or is detrimental to, the distinctive character or repute of the registered trade mark.

(5) Importantly, there is no presumption about trademark infringement, even if identity of the two marks is established, under Section 29(4). In contrast, Section 29(3) read with Section 29(2)(c) enact that if it is established that the impugned mark's identity with the registered trade mark and the identity of the goods on services covered by such registered trade mark is likely to cause confusion on the part of the public, or which is likely to have an association with the registered trade mark, "the court shall presume that it is likely to cause confusion on the part of the public."

35. There has been considerable debate about the precise contours of trademark dilution standards, in the context of unfair competition, in courts in the United States, the European Court and courts in the United Kingdom. US courts had split on whether the owners of famous marks had to prove "actual" dilution, or a "likelihood" of dilution. In 2003, the US Supreme Court resolved the split in *Moseley v. V. Secret Catalogue, Inc.*, 537 U.S. 418 (2003), holding that proof of actual dilution was required. Speaking to concerns about the expense of "often unreliable" consumer surveys and other means of demonstrating actual dilution, the Court held that such direct evidence "will not be necessary if actual dilution can reliably be proved through circumstantial evidence." There was Congressional intervention soon thereafter, which somewhat blunted the court's holding. The court noted that dilution was largely a statute driven concept, unlike common law evolved reliefs:

"Unlike traditional infringement law, the prohibitions against trademark dilution are not the product of common-law development, and are not motivated by an interest in protecting consumers. The seminal discussion of dilution is found in Frank Schechter's 1927 law review article concluding "that the preservation of the uniqueness of a trademark should constitute the only rational basis for its protection." Rational Basis of Trademark Protection, 40 Harv. L.Rev. 813, 831."

36. An anti-dilution remedy is contemplated by Articles 4 and 5 of the First Council Directive of the European Communities (89/104/EEC) dated December 21, 1988; it was implemented, for the European Union through Council Regulation (EC) No. 40/94 dated December 20, 1993. It is known as an "anti-detriment" remedy in the United Kingdom and is enacted in Sections 5 and 10 of the Trade Marks Act 1994 (U.K.), 1994. The courts in the United Kingdom have been cautious in granting this remedy, as seen in *Mastercard International Inc. v. Hitachi Credit (UK) Plc*, [2004] EWHC 1623 (Ch.) (confirming the dismissal of Mastercard's opposition to the trademark Credit Master for a credit card); *Pebble Beach Co. v. Lombard Brands Ltd.* (refusing to grant a preliminary injunction against whisky makers using the trademark "Pebble Beach" when the owners of the famous American golf course claimed these marks were detrimental to their own); *DaimlerChrysler AG v. Alavi*,

[2001] R.P.C. 42, (where the court rejected the claim of Mercedes-Benz against the defendant's MERC trade mark, used in association with a clothing and shoe business), and *Baywatch Production Co. v. Home Video Channel*, [1997] F.S.R. 22 (Ch.) (where the court found that the broadcasting of "Babewatch", which contained sexually explicit material, was not detrimental to the "Baywatch" trade mark). It was held, in *DaimlerChrysler AG v. Alavi*, [2001] RPC 42 that:

"88. In my view, the best approach is just to follow the section, remembering Jacobs A.G.'s warning that it is concerned with actual effects, not risks or likelihoods. The enquiry is as follows. (1) Does the proprietor's mark have a reputation? If so, (2) is the defendant's sign sufficiently similar to it that the public are either deceived into the belief that the goods are associated with the proprietor so that the use of the sign takes unfair advantage of the mark, or alternatively causes detriment in their minds to either (a) the repute or (b) the distinctive character of the mark, or (3) even if they are not confused, does the use of the sign nonetheless have this effect, and (4) is the use complained of nonetheless with due cause. Detriment can take the form either of making the mark less attractive (tarnishing, to use Neuberger J.'s word) or less distinctive (blurring). On this analysis, VISA is of course a case of tarnishing."

37... It was held, in *Adidas-Salomon AG v. Fitnessworld Trading Ltd*, [2004] Ch 120, that it is not necessary to establish confusion or the likelihood of confusion in order to establish infringement under this head. The plaintiff has to show that there is sufficient degree of similarity between the mark with a reputation and the sign (ie. the impugned mark) to have the effect that the relevant section of the public establishes a link between the sign and the mark. The court also cautioned that all tests have to be cumulatively satisfied, or else the courts would be indulging in over-protection to the registered mark, affecting competition:

"Above all, it is necessary to give full weight to the provisions of Article 5(2) as a whole. Thus the national court must be satisfied in every case that the use of the contested sign is without due cause; and that it takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the mark. These requirements, properly applied, will ensure that marks with a reputation, whether or not the reputation is substantial, will not be given unduly extensive protection."

38. Explaining what is meant by "reputation" it was held, in *General Motors Corp v. Yplon SA*, [1999] All ER (EC) 865 by the ECJ that in order to have a reputation a trade mark had to satisfy a 'knowledge threshold'. This was described as follows:

"26 The degree of knowledge required must be considered to be reached when the earlier mark is known by a significant part of the public concerned by the products or services covered by that trade mark."

27 In examining whether this condition is fulfilled, the national court must take into consideration all the relevant facts of the case, in particular the market share held by the trade mark, the intensity, geographical extent and duration of its use, and the size of the investment made by the undertaking in promoting it."

41. The need to establish "linkage" or mental association of the offending mark, with that of the plaintiff's is one of the vital essentials for securing relief in any claim for dilution. This was emphasized as follows, by Professor McCarthy (McCarthy, J. Thomas. *McCarthy on Trademarks and Unfair Competition*, Vol. IV, 4th ed. 1996 (loose-leaf updated December 2005, release 36):

"...if a reasonable buyer is not at all likely to think of the senior user's trademark in his or her own mind, even subtly or subliminally, then there can be no dilution. That is, how can there be any "whittling away" if the buyer, upon seeing defendant's mark, would never, even unconsciously, think of the plaintiff's mark? So the dilution theory presumes some kind of mental association in the reasonable buyer's mind between the two parties and the mark. [Footnote omitted; emphasis in original; - 24:70, at p. 24- 143.]

On the one hand, well-known mark owners say that people should not reap where they have not sown, that bad faith should be punished, that people who sidle up to their well-known marks are guilty of dishonest commercial practice. These vituperations lead nowhere. One might as well say that the well-known mark owner is reaping where it has not sown when it stops a trader in a geographic or market field remote from the owner's fields from using the same or a similar mark uncompetitively. (D. Vaver, "Unconventional and Well-known Trade Marks", [2005] Sing. J.L.S. 1, at p. 16)"

43. The discussion on the subject would not be complete without a reference to the latest judgment of the European Court, on the issue, in *Intel Corp Inc v. CPM United Kingdom Ltd*, 2009 ETMR 13. The claimant, Intel Corp Inc, registered trademark proprietor in respect of various marks, in the United Kingdom and several European countries, sued Intel-mark, the user of "Intel" in relation to telemarketing services. The courts in the United Kingdom had refused relief, holding that there was no dilution of the mark "Intel" despite its "huge" reputation; nevertheless the Court of Appeals made a reference to the European Court, which concurred with the view of the domestic courts. In the judgment, it restated the principles governing the field, as follows:

"44 As regards the degree of similarity between the conflicting marks, the more similar they are, the more likely it is that the later mark will bring the earlier mark with a reputation to the mind of the relevant public. That is particularly the case where those marks are identical.

45 However, the fact that the conflicting marks are identical, and even more so if they are merely similar, is not sufficient for it to be concluded that there is a link between those marks.

46 It is possible that the conflicting marks are registered for goods or services in respect of which the relevant sections of the public do not overlap.

*47 The reputation of a trade mark must be assessed in relation to the relevant section of the public as regards the goods or services for which that mark was registered. That may be either the public at large or a more specialised public (see *General Motors*, paragraph 24).*

48 *It is therefore conceivable that the relevant section of the public as regards the goods or services for which the earlier mark was registered is completely distinct from the relevant section of the public as regards the goods or services for which the later mark was registered and that the earlier mark, although it has a reputation, is not known to the public targeted by the later mark. In such a case, the public targeted by each of the two marks may never be confronted with the other mark, so that it will not establish any link between those marks.*

49 *Furthermore, even if the relevant section of the public as regards the goods or services for which the conflicting marks are registered is the same or overlaps to some extent, those goods or services may be so dissimilar that the later mark is unlikely to bring the earlier mark to the mind of the relevant public.*

50 *Accordingly, the nature of the goods or services for which the conflicting marks are registered must be taken into consideration for the purposes of assessing whether there is a link between those marks.*

51 *It must also be pointed out that certain marks may have acquired such a reputation that it goes beyond the relevant public as regards the goods or services for which those marks were registered.*

52 *In such a case, it is possible that the relevant section of the public as regards the goods or services for which the later mark is registered will make a connection between the conflicting marks, even though that public is wholly distinct from the relevant section of the public as regards goods or services for which the earlier mark was registered.*

53 *For the purposes of assessing where there is a link between the conflicting marks, it may therefore be necessary to take into account the strength of the earlier mark's reputation in order to determine whether that reputation extends beyond the public targeted by that mark.*

54 *Likewise, the stronger the distinctive character of the earlier mark, whether inherent or acquired through the use which has been made of it, the more likely it is that, confronted with a later identical or similar mark, the relevant public will call that earlier mark to mind.*

55 *Accordingly, for the purposes of assessing whether there is a link between the conflicting marks, the degree of the earlier mark's distinctive character must be taken into consideration.*

56 *In that regard, in so far as the ability of a trade mark to identify the goods or services for which it is registered and used as coming from the proprietor of that mark and, therefore, its distinctive character are all the stronger if that mark is unique - that is to say, as regards a word mark such as INTEL, if the word of which it consists has not been used by anyone for any goods or services other than by the proprietor of the mark for the goods and services it markets - it must be ascertained whether the earlier mark is unique or essentially unique.*

57 Finally, a link between the conflicting marks is necessarily established when there is a likelihood of confusion, that is to say, when the relevant public believes or might believe that the goods or services marketed under the earlier mark and those marketed under the later mark come from the same undertaking or from economically-linked undertakings (see to that effect, *inter alia*, Case C-342/97 *Lloyd Schuhfabrik Meyer* [1999] ECR I-3819, paragraph 17, and Case C-533/06 *O2 Holdings and O2 (UK)* [2008] ECR I-0000, paragraph 59).

58 However, as is apparent from paragraphs 27 to 31 of the judgment in *Adidas-Salomon and Adidas Benelux*, implementation of the protection introduced by Article 4(4)(a) of the Directive does not require the existence of a likelihood of confusion.

59 The national court asks, in particular, whether the circumstances set out in points (a) to (d) of Question 1 referred for a preliminary ruling are sufficient to establish a link between the conflicting marks.

60 As regards the circumstance referred to in point (d) of that question, the fact that, for the average consumer, who is reasonably well informed and reasonably observant and circumspect, the later mark would call the earlier mark to mind is tantamount to the existence of such a link.

61 As regards the circumstances referred to in paragraphs (a) to (c) of that question, as is apparent from paragraph 41 to 58 of this judgment, they do not necessarily imply the existence of a link between the conflicting marks, but they do not exclude one either. It is for the national court to base its analysis on all the facts of the case in the main proceedings.

62 The answer to point (i) of Question 1 and to Question 2 must therefore be that Article 4(4)(a) of the Directive must be interpreted as meaning that whether there is a link, within the meaning of *Adidas-Salomon and Adidas Benelux*, between the earlier mark with a reputation and the later mark must be assessed globally, taking into account all factors relevant to the circumstances of the case.

63 The fact that for the average consumer, who is reasonably well informed and reasonably observant and circumspect, the later mark calls the earlier mark with a reputation to mind is tantamount to the existence of such a link, within the meaning of *Adidas-Salomon and Adidas Benelux*, between the conflicting marks.

64 The fact that:

- the earlier mark has a huge reputation for certain specific types of goods or services, and
- those goods or services and the goods or services for which the later mark is registered are dissimilar or dissimilar to a substantial degree, and
- the earlier mark is unique in respect of any goods or services,

does not necessarily imply that there is a link, within the meaning of *Adidas-Salomon and Adidas Benelux*, between the conflicting marks....”

44. It may be seen from the preceding discussion that dilution of trademark is a species of infringement. Though trademarks are concerned with protection of marks which have acquired a degree of distinctiveness, in relation to particular goods and services, courts have, over the years recognized that in relation to marks which have achieved notoriety as to have a reputation about the quality of products which the manufacturer, or services the originator (of the mark) is associated with, then, even in relation to dissimilar goods - or unrelated products, protection of such brand name, mark or acquired distinctiveness is essential. This measure of protection to marks in relation to similar junior marks, but for dissimilar goods is, in substance the protection against dilution (or Blurring or tarnishment) of the mark. Prior to the 1999 Act, Indian law had developed through case law; the new Act changed that, and has enjoined protection against dilution, if certain essential elements are established; they are:

- (1) The impugned mark is identical or similar to the senior mark;
- (2) The senior or injured mark has a reputation in India;
- (3) The use of the impugned mark is without due cause;
- (4) The use of the impugned mark (amounts to) taking unfair advantage of, or is detrimental to, the distinctive character or reputation of the registered trade mark.

Unlike in the case of infringement of trademark in relation to similar goods or services, in the case of dilution (infringement of mark by use in respect of dissimilar goods or services) there is no presumption of infringement of the mark. This means that each element has to be established.

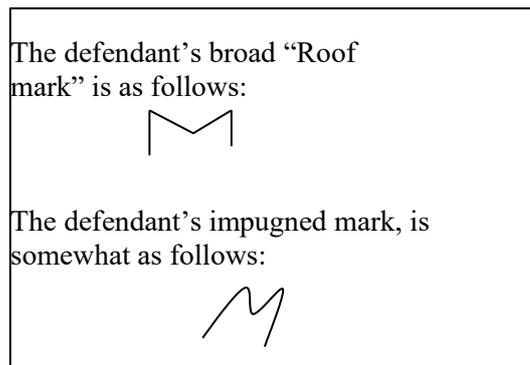
45. The plaintiff here relies on extensive materials in the form of brochures, sales figures, brand awareness and the niche segment its hotels occupy, due to the awards won by it, and so on. It has placed on record trademark and copyright registration certificates and copies of international trademark registrations in respect of the Namaste "WELCOMGROUP" logo. It has also filed menu cards used by its hotels during the period 1977-1981; booklets of the hotels, for the period 1994 and 2002, tariff cards, promotional, stationary materials and photographs in respect of the hotels. Print-outs of the website, www.kitchensofindia.com, advertisement invoices from various agencies along with copies of advertisements to support its claim of extensive use of the mark in relation to hotels and by its "Kitchens of India" brand of products have all been filed. This is with a view to show its acquired reputation, and also that the hotels occupy a unique and exclusive position, having achieved excellence, and a reputation for quality services to its patrons and customers. To a certain extent, these materials are relevant in establishing prima facie that in the hospitality industry, in India, the ITC WELCOMEGROUP brand has acquired distinction. The question, however, is not whether that word-mark has been infringed. The issue which the court has to consider is whether the plaintiff's W-NAMASTE logo has been infringed by the defendant, thorough dilution.

46. The plaintiff's argument that the W-NAMASTE logo is ITC's house-mark, in the court's opinion, not on a sound footing. It was not disputed during the hearing that the ITC's triangular logo is used in its non-hospitality products and services. As far as the WNamaste logo or mark is concerned, what is apparent from a visual or aural perspective, is that it is the stylized depiction of the Indian greeting "Namaste". There is perhaps, a natural association with the

hospitality industry. Apart from the fact that the stylization is distinctive - and has been in apparent use for the last 34 years or so, is that the mark is part of a larger logo. Thus, the W-NAMASTE is part of the trademark or label, for which the plaintiff has secured registration. The mark includes words such as "ITC-WELCOM HOTEL NEW DELHI"; "ITC- HOTEL & WINDSOR TOWERS, BANGALORE"; "ITC HOTEL BANGALORE"; "WELCOMHOTEL VADODARA"; "ITC HOTEL GARDENIA GRAND BANGALORE"; "ITC CAMP BHARAT" and so on. Similarly, the copies of copyright registrations placed on the record reveal that the W-Namaste logo is a part of the overall mark, which invariably includes the "ITC" and "Welcom." words, with reference to the hotel, resort or restaurant concerned. The depiction of the WNamaste is predominantly in conjunction with the other words, which too, are part of the copyright claimed. Besides, the Namaste logo, although an important element, does not dominate the overall trademark or logo.

47. It would be, at this stage, relevant to recollect the two rival marks, which are in question. The defendant has been using a broad "M" Roof mark. That mark is depicted on the top portion of each cigarette carton; usually it is set in one or the other colour, such as red, blue, maroon, etc.

The impugned mark is set in black background with the mark further depicted in yellow flames (presumably to denote the festive occasion of Diwali). The two marks - original mark used by the defendant, and the impugned mark, are shown in the box, at the right side.



The plaintiff's logo is as follows: 

The further details about the two rival marks is that the plaintiffs' logo is almost always depicted with some words, usually "WELCOMGROUP". The defendant's impugned mark, is not a "stand alone" logo or mark; the words Marlboro are written with it.

48. It is an established principle, in India, that in any trademark infringement action, the question of similarity (of the rival marks) is to be addressed first. Here, the test - evolved over 40 years ago - of course in the context of similar goods and applied consistently by the court, was summarized by the following quote, (from an old English decision) by the Supreme Court, in *Amritdhara Pharmacy v. Satya Deo Gupta*, AIR 1963 SC 449 onwards.

"You must take the two words. You must judge them, both by their look and by their sound. You must consider the goods to which they are to be applied. You must consider the nature

and kind of customer who would be likely to buy those goods. In fact you must consider all the surrounding circumstances; and you must further consider what is likely to happen if each of those trade-marks is used in a normal way as a trade mark for the goods of the respective owners of the marks."

This Court is of opinion that the test here (for dilution) is not exactly the same. For one, Parliament has consciously eschewed the "deceptively" similar standard- which is defined by Section 2, in relation to infringement claims under Section 29 (4). This would mean that the identity or similarity standard is a notch higher - the claimant has to prove or establish that the two marks are identical with or similar to each other. The question of deception does not arise here. There must be a near identification of the two marks or they must have the closest similarity. The second aspect is that the other elements necessary to establish dilution - dissimilarity of goods, the claimant mark having a reputation in India; the use of the mark without due cause, resulting in detriment to it, or the defendant taking undue advantage, have to be established. These ingredients are all to be established, as the conjunctive "and" is used, in Section 29 (4).

49. As commented earlier, the analogy of tests evolved in infringement actions where similar goods or services are in question appears to be inapposite, after the enactment of Section 29 (4). The plaintiff has to fulfill a more stringent test (than the deceptive similarity standard) of proving identity or similarity, where trademark dilution is complained. Applying the reasoning of the decisions cited previously, it is held that a "global" look, rather than a focus only on the common elements of the mark, is to be taken, while considering if the impugned or junior mark infringes, by dilution, an existing registered mark. As noted in the previous part of the judgment, the plaintiffs' mark is not a "stand alone" mark; it is used with the words WELCOMGROUP, or the name of the resort or service. Moreover, the plaintiffs' mark is part of the overall marks and devices which are used in relation to each hotel, restaurant, resort or service it offers, to the consumer. The defendants claim that the impugned mark is used only for a special festive pack, i.e Diwali. The plaintiff's mark resembles a "W" but clearly a "Namaste" is discernable. All the defendant's previous marks resemble "M" (perhaps depicting MARLBORO). Considering the overall marks or logos, without cataloging minutely the similarities or dissimilarities, this Court discerns no "identity" or "similarity" in the overall presentation of the two. This conclusion is further fortified for the reason that the plaintiff's mark, in relation to hospitality industry, is a stylized logo, which has to be juxtaposed with another mark, which, the materials on record prima facie suggest, has its own distinctive market. The case law in India, on dilution - mostly pertaining to the situation existing prior to Section 29 (4) has hinged round comparison of competing word marks, which have their peculiarities. In the case of logos and other marks, the application of the "identity" or "similarity" test has to result in a conclusion that the rival marks bear a very close resemblance, seen from an overall perspective. It is, therefore, concluded, that prima facie the two trademarks are neither identical, nor similar to each other. This prima facie conclusion would also govern the plaintiff's copyright claim, because the W-NAMASTE of the dissimilarity between that logo or mark and the tilting "flame" logo of the defendants. The latter mark is quite different, and has its own artistic elements.

50. The second question is, whether assuming the plaintiff has proved similarity, has it also established distinctiveness and reputation of the mark and the services associated with it, which,

if used, the way the defendants are using it, would whittle down such distinctiveness or exclusivity. The materials on record show that the plaintiffs' W-NAMASTE logo is connected mainly with hotels, resorts, restaurants and the hospitality sector generally. The plaintiff also uses it for the "kitchens of india" range of products marketed by it. The plaintiff's reputation in its mark contains an aura of luxury could possibly transcend the hospitality business, and may well evoke a broad association with luxury goods. However, though the "aura" of the W-NAMASTE mark may go beyond the niche hospitality services, and could extend to other luxury goods, there is nothing suggestive that such association extends to mid to high priced cigarettes. This aspect is crucial, because the plaintiff does not deny selling competing goods, i.e cigarettes in different price ranges, some of which are priced competitively with the defendants' cigarettes. All materials suggest that the difference between the two products and service ranges - i.e hospitality business of ITC, which alone apparently uses the W-NAMASTE - and the defendant's cigarettes - are significant and fundamental. Besides the printouts, write up and other written materials, laudatory of the plaintiff's services, there is no evidence to show how the W-NAMASTE logo is likely to be affected prejudicially, or that the defendant's use of their mark would result in detriment to the plaintiff's mark. The defendant, on the other hand, has shown that its marks have always carried a distinctive M roof design; that design has now been modified, and also tilted, making the alphabet M prominent, which is depicted in flames, against a dark (black) background, with the words MARLBORO prominently accompanying it. The plaintiff has not shown that it uses the W-NAMASTE mark for its cigarette brands; anyway that is not such products' primary or main logo. Importantly, the class of users of the plaintiff's hospitality services and the consumer of high and mid-end priced cigarettes are not the kind who would associate the defendant's mark (with MARLBORO depicted prominently) as those of the rival ITC. Taking into consideration all these factors, and the materials on record, the court is prima facie satisfied there is no linkage between the defendant's mark and the plaintiffs' services, so as to cause detriment to the latter, and undue advantage to the former.

51. In view of the above prima facie findings recorded by the court, it is held that the plaintiff is not entitled to a temporary injunction, as sought. The plaintiff shall bear the costs of hearing of the application, quantified at Rs. 75,000/- to be paid to the defendants, within four weeks.

N. Ranga Rao and Sons v. Anil Garg

128 (2006) DLT 649 : 2006 (32) PTC15 (Del)

SANJAY KISHAN KAUL, J. - The plaintiff is a registered partnership firm engaged in the business of manufacture of incense sticks or agarbathies. Initially, the business was established as a proprietorship concern in 1948 by the father of the present partners of the plaintiff firm and is stated to be now a part of the RANGSONS GROUP started by late Shri N. Ranga Rao. The diversified business now carried on by the Group is stated to not only include the business in question, but also other businesses like electronics and education, though the flagship firm of the Group is remain the plaintiff concern.

The plaintiff initially is stated to have adopted the brand-name CYCLE BRAND AGARBATHIES and CYCLE THREE-IN-ONE AGARBATHI which is stated to remain the largest selling brand of agarbathies in India. However, apart from the said brand, the plaintiff is also manufacturing number of other brands such as LIA, SANDALUM & CHANDANAM, PARAMPARA, INDIAN BRIDE, PEHCHAN, CYCLE POPULAR, ISHTA, ALL IN 1, NR YAGNA, RHYTHM AMBER & ORIENT, BANSURI, MOODS, PRESTIGE, HONEY ROSE, FLUTE INIMAI & NAVIN, FAIRY TALE AND RAHASYAMAI.

The plaintiff claims to be a pioneer in the agarbathi industry with various innovating marketing techniques as also packaging. The plaintiff is, thus, stated to have inter alia introduced the concept of three fragrances in one pack, professionalise techniques for marketing and management, hexagonal and rectangular packaging. The plaintiff is stated to have won export awards both from Union of India and Government of Karnataka.

The plaintiff claims to be marketing its products all over India and spends money in creating consumer awareness and brand building. The Marketing and Sales Division under M/s. Prosperity Marketing Services (P) Ltd., Mysore is stated to employ more than 250 sales and marketing people and the amount spent on advertisements alone for the financial year 2002-2003 is stated to be Rs. 389.7 lakhs.

The plaintiff claims that its strength lies in making innovative and original brands of fragrances keeping in mind the preferences and requirements of consumers across classes. Thus, some of the agarbathi products are more used during prayer or pooja, while others are used for creating ambience or atmosphere. These cater to different times of the day or different types of moods. In this process of innovation, one of the range of products, which was introduced by the plaintiff in the market is LIA range of products. This name is stated to have been adopted in 2001 and copies of some purchase orders have been filed for the relevant period.

The LIA range of agarbathies consists of variety of exclusive fragrances including ROSE LIA, FRESH / SEASHORE LIA, SANDAL / CHANDANAM LIA, JASMINE LIA, NATURE'S GIFT LIA, VIBRANT / RAINBOW LIA, SPICE WORLD LIA, FRUIT LIA.

The mark LIA is stated to be distinctive and arbitrary in nature as the word 'LIA' has no meaning. The word 'LIA' is also stated to be uncommon in agarbathi market where most brands are based on the name of Gods or words associated with worship and rituals. The word 'LIA'

is, thus, stated to be extremely contemporary and is claimed to have a sophisticated ring to it which sets it apart from other brands in the agarbathi market. One of the features of the marketing of these agarbathies is stated to be the introduction of packs of 35 sticks range at Rs. 15/-. This packaging is stated to be distinctive as compared to most agarbathies in the market sold in boxes of 20-22 sticks per box and offered @ Rs. 10/- per box.

The get-up and colour scheme of this range of LIA is stated to be distinctive and the packaging cartons are of different colours depending on each colour conjuring associations with the concerned fragrance. Despite this, there is uniformity in the scheme of the base consisting of pastel shade softening to whitish towards the centre of the box where the logo / trademark of LIA is printed. The LIA trademark is written in sloping font at slightly upward angle with a line underscoring the word 'LIA'. The text regarding the name of fragrance, the brand-name of the product and the general effect and the fragrance is printed below the LIA logo. A motif of the plant / location associated with the fragrance is printed above the LIA logo. Small semi-circular and ribbon banners containing text are also printed on the cartons and on the side of the cartons; the brand-name is printed in Devnagiri, Tamil, Kannada, Telugu and Malayalam scripts. In view thereof, it is stated that the labels are extremely attractive and eye-catching and have gained enormous reputation in the market. The impact is composite consisting of the brand-name LIA, the colour scheme of the cartons and the various shades used for each fragrance, the labeling, the design lay-out as well as the unique price range, as such the plaintiff claims to own all the common law rights in the LIA brand-name and all the various products in the said range. The art work in lay-out plan of the cartons are stated to have been designed by professionals for the plaintiff firm and the rights are stated to vest in the plaintiff under Section 17 of The Copyright Act, 1957.

The plaintiff has set out in the plaint the registration details of the artistic works on the carton for several of the LIA range of products, which have been registered on 22.07.2003 for SANDAL, JASMINE, ROSE, SPICE, FRUIT AND FRESH LIA range. The plaintiff has also stated that an application is pending before the Trademark Registry for the mark and label LIA for agarbathies in Class 3.

In a short span of time of marketing of this product under LIA range, the same is stated to have become extremely popular and earned enormous goodwill and reputation. The turnover, as certified by the Chartered Accountants, for the two financial years has been given as under:-

Year Turnover for LIA range of products

2002-2003 Rs. 243.67 Lakhs

2003-2004 Rs. 413.17 Lakhs

The plaintiff claims to have large presence in Delhi apart from all over the country including for the LIA range of products. The products are stated to have been advertised in major national and regional dailies and the expenditure for the financial year 2003-2004 for this range of products is stated to be Rs. 12.39 Lakhs. The sales are stated to have been rising and the products identified with the packaging used in connection with the LIA products, which is claimed to be the single source identifier of the said product.

The plaintiff is aggrieved by the products sold by the defendants in and around Delhi under the name of DIA in cartons which are claimed to be identical to that of the plaintiff's LIA cartons. The DIA range of agarbathies of the defendants is being sold in identical fashion in respect of six of plaintiff's LIA products. Defendants No. 1 and 2 are the Directors of defendant No. 3 company, while defendant No. 4 is the Sales and Marketing Division of defendant No. 3. The mark is stated to be deceptively similar to the plaintiff's LIA mark - both phonetically and visually and the essential and distinctive features of the packaging of LIA agarbathies is stated to have been copied. There is also commonality in the choice of names, price and quantity of the sticks per pack and theme and layout packaging is claimed to be more than a mere coincidence.

15. The plaintiff has emphasized the fact that the defendant claims to have an address, which is printed on the side of the carton, as follows:-

Divya Incense (India) Pvt. Ltd.
13, Divya Mansion, 1st Main Road,
Srirampuram, Saibaba Nagar,
Bangalore - 560 021.

The plaintiff claims that on investigation, it has been revealed that there is no such office at the given address, but that there is a building called Keerthi Mansion where there is a board carrying the name Keerti Parimala Works. The goods of the defendants are stated to be manufactured at NOIDA unit and the defendants also have a showroom in Gaziabad. The defendants' cartons have fragrance names printed on the side of the carton in Devnagri, Tamil, Kannada and Telugu scripts even though the business of the defendants and their sales really run in U.P. and Delhi. This is stated to be deliberately done to cause deception so that the public assumes that the products of defendants are actually of the plaintiff.

The plaintiff has also referred to the fact that the name DIA is not co-incidental since the defendants are trading under the name and style 'Divya Incense (India) Pvt. Ltd.', thus, the word 'DIVYA' as such could have been chosen and the word 'DIA' is stated to have been chosen solely due to its visual and phonetic similarity to the plaintiff's LIA mark. The plaintiff claims that the test of unsuspecting consumer with average intelligence and imperfect recollection must be applied and if the said test is applied, the consumer is bound to be deceived. The get-up of the two products is stated to be identical and the product is being sold at the unusual rate of Rs. 15/- for 35 sticks in the same fashion as the plaintiff's product.

The plaintiff has set out in detail the distinctive features, which are common in the two get-ups and it would be appropriate to reproduce the same:-

- ROSE LIA & ROSE DIA

LIA

DIA

Colour Scheme: Pink base softening to whitish towards the centre of the box, where the logo / trademark LIA is printed.

Colour Scheme: Pink base softening to whitish towards the centre of the box, where the logo DIA is printed.

LIA logo: "Lia" written in a sloping font at a slightly upward angle with a line underscoring the word "Lia" and a shadow effect provided.

DIA logo: "Dia" written in a sloping font at a slightly upward angle with a line underscoring the word "Dia" and a shadow effect provided.

Text with name and effect of Rose fragrance below LIA logo along with arrested ribbon banner.

Text with name and effect of Rose fragrance below DIA logo along with arrested ribbon banner

Picture of Roses above LIA logo along with semicircular banner.

Picture of Roses above DIA logo along with semicircular banner.

"ROSE LIA" printed in Devanagari, Tamil, Kannada, Telegu and Malayalam scripts on side of box.

"ROSE DIA" printed in Devanagari, Tamil, Kannada and Telegu scripts on side of box.

Price: Rs. 15/- for 35 sticks.

Price: Rs. 15/- for 35 sticks.

- SANDAL LIA & SANDAL DIA

LIA

DIA

Colour Scheme: Yellow base softening to whitish towards the centre of the box, where the logo / trademark LIA is printed.

Colour Scheme: Yellow base softening to whitish towards the centre of the box, where the logo DIA is printed.

LIA logo: "Lia" written in a sloping font at a slightly upward angle with a line underscoring the word "Lia" and a shadow effect provided.

DIA logo: "Dia" written in a sloping font at a slightly upward angle with a line underscoring the word "Dia" and a shadow effect provided.

Text with name and effect of Sandal fragrance below LIA logo along with arrested ribbon banner.

Text with name and effect of Sandal fragrance below DIA logo along with arrested ribbon banner.

Picture of Sandalwood above LIA logo along with semicircular banner.

Picture of Sandalwood above DIA logo along with semicircular banner.

"SANDAL LIA" printed in Devanagri, Tamil, Kannada, Telegu and Malayalam scripts on side of box.

"SANDAL DIA" printed in Devanagri, Tamil, Kannada and Telegu scripts on side of box.

Price: Rs. 15/- for 35 sticks.

Price: Rs. 15/- for 35 sticks.

- JASMINE LIA & JASMINE DIA

LIA

DIA

Colour Scheme: Light green base softening to whitish towards the centre of the box, where the logo /trademark LIA is printed.

Colour Scheme: Light green base softening to whitish towards the centre of the box, where the logo DIA is printed.

LIA logo: "Lia" written in a sloping font at a slightly upward angle with a line underscoring the word "Lia" and a shadow effect provided.

DIA logo: "Dia" written in a sloping font at a slightly upward angle with a line underscoring the word "Dia" and a shadow effect provided.

Text with name and effect of Jasmine fragrance below LIA logo along with arrested ribbon banner.

Text with name and effect of Jasmine fragrance below DIA logo along with arrested ribbon banner

Picture of flowering Jasmine plant above LIA logo along with semicircular banner.

Picture of flowering Jasmine plant above DIA logo along with semicircular banner.

"JASMINE LIA" printed in Devanagri, Tamil, Kannada, Telegu and Malayalam scripts on side of box.

"JASMINE DIA" printed in Devanagri, Tamil, Kannada and Telegu scripts on side of box.

Price: Rs. 15/- for 35 sticks.

Price: Rs. 15/- for 35 sticks.

- VIBRANT / RAINBOW LIA & LAVENDER DIA

LIA

DIA

Colour Scheme: Mauve base softening to whitish towards the centre of the box, where the logo / trademark LIA is printed.

Colour Scheme: Mauve base softening to whitish towards the centre of the box, where the logo DIA is printed.

LIA logo: "Lia" written in a sloping font at a slightly upward angle with a line underscoring the word "Lia" and a shadow effect provided.

DIA logo: "Dia" written in a sloping font at a slightly upward angle with a line underscoring the word "Dia" and a shadow effect provided.

Text with name and effect of Vibrant fragrance below LIA logo along with arrested ribbon banner.

Text with name and effect of Lavender fragrance below DIA logo along with arrested ribbon banner.

Picture of flowers above LIA logo along with semicircular banner.

Picture of flowers above DIA logo along with semicircular banner.

"VIBRANT LIA" printed in Devanagari, Tamil, Kannada, Telegu and Malayalam scripts on side of box.

"LAVENDER DIA" printed in Devanagari, Tamil, Kannada and Telegu scripts on side of box.

Price: Rs. 15/- for 35 sticks.

Price: Rs. 15/- for 35 sticks.

- FRESH / SEASHORE LIA & KEWDA DIA

LIA

DIA

Colour Scheme: Blue base softening to whitish towards the centre of the box, where the logo / trademark LIA is printed.

Colour Scheme: Blue base softening to whitish towards the centre of the box, where the logo DIA is printed.

LIA logo: "Lia" written in a sloping font at a slightly upward angle with a line underscoring the word "Lia" and a shadow effect provided.

DIA logo: "Dia" written in a sloping font at a slightly upward angle with a line underscoring the word "Dia" and a shadow effect provided.

Text with name and effect of "Fresh" fragrance below LIA logo along with arrested ribbon banner.

Text with name and effect of Kewda fragrance below DIA logo along with arrested ribbon banner.

Picture above LIA logo along with semicircular banner.

Picture above DIA logo along with semicircular banner.

"FRESH LIA" printed in Devanagari, Tamil, Kannada, Telegu and Malayalam scripts on side of box.

"KEWDA DIA" printed in Devanagari, Tamil, Kannada and Telegu scripts on side of box.

Price:Rs.15/- for 35 sticks

Price:Rs.15/- for 35 sticks

- NATURE'S GIFT LIA & MOGRA DIA

LIA

DIA

Colour Scheme: Green base softening to whitish towards the centre of the box, where the logo /trademark LIA is printed.

Colour Scheme: Green base softening to whitish towards the centre of the box, where the logo DIA is printed.

LIA logo: "Lia" written in a sloping font at a slightly upward angle with a line underscoring the word "Lia" and a shadow effect provided.

DIA logo: "Dia" written in a sloping font at a slightly upward angle with a line underscoring the word "Dia" and a shadow effect provided.

Text with name and effect of "Gift" fragrance below LIA logo along with arrested ribbon banner.

Text with name and effect of "Mogra" fragrance below DIA logo along with arrested ribbon banner.

Picture of flower buds above LIA logo along with semicircular banner.

Picture of flower buds above DIA logo along with semicircular banner.

"GIFT LIA" printed in Devanagari, Tamil, Kannada, Telegu and Malayalam scripts on side of box.

"MOGRA DIA" printed in Devanagari, Tamil, Kannada and Telegu scripts on side of box.

Price:Rs.15/- for 35 sticks

Price: Rs. 15/- for 35 sticks

In order to appreciate the visual impact of the two products, it is appropriate to incorporate in the judgment the respective cartons of the plaintiff and the defendants, which are as under:-

The plaintiff claims that the aforesaid is not a mere co-incidental act, but is a deliberate act of copying in order to deceive the customers and to cause confusion amongst the mind of the said customers. The defendants are, thus, alleged to be attempting to ride piggy back on the reputation and fame of the plaintiff's products and it is not a case of one product being copied, but the entire range itself being copied. The defendants are further alleged to be attempting to utilise the substantial reputation and goodwill of the plaintiff and it is all the more because of the nature of the products where packaging forms an essential and integral part of identification

of the products. The defendants' act is alleged to be a misrepresentation in the course of trade so as to cause deception about its origin or at least claim an indirect connection with the plaintiff.

The plaintiff alleges that the defendants' act amount to an attempt to pass off its goods as that of the plaintiff, an act of unfair competition, infringement of copyright of the plaintiff and dilution. The deception is stated to be bound to lead to confusion in passing off of the goods and even if the customer evinces interest in the defendants' products based on its get-up, the same would be 'initial interest confusion', which is also a species of passing off. The aspect of dilution is explained as a consequence of utilisation by the defendants of the plaintiff's goodwill arising from the high quantity of products and sales standards and the act of the defendants would, thus, constitute dilution of the plaintiff's brand-name equity in the products.

The plaintiff has prayed for a decree of permanent injunction in respect of six packages of DIA products in question, which are similar to the LIA products; decree for delivery up; and for damages of Rs. 21,50,000/-.

At the stage of the suit being entertained and summons being issued, the interim relief was granted in favor of the plaintiff and Local Commissioners were appointed, who submitted their reports. The situation on visit to the office of M/s. Divya Incense (India) Pvt. Ltd. at Srirampuram, Bangalore has been explained by the Local Commissioner and it was found that the premises belong to M/s. Keerti Parimala Works, who were manufacturers and suppliers of agarbathi. The said Works also did job work for M/s. Divya Incense. At some stage, M/s. Divya Incense had its office in the premises, but the same was stated to have been subsequently moved to another address at Bangalore at 19/2, 2nd Cross, Robertson Block, Ramachandrapuram, Bangalore. This office of M/s. Divya Incense was also stated to be managed by Mr. Sunder Raj, who was the proprietor of M/s. Keerti Parimala Works. This new premises was also visited by the Local Commissioner. The six brand-names of DIA were manufactured there on job-work basis by M/s. Keerti Parimala Works, who purchased raw agarbathies from M/s. Divya Incense, Bangalore. The goods after packaging were then shipped to M/s. Divya Incense, NOIDA.

The Ghaziabad office of the defendants was also visited by the Local Commissioner who found the alleged infringing material. Similar position arose in respect of the Local Commissioner, who visited the office of the defendants at Ramesh Nagar and NOIDA, U.P.

The defendants have contested the suit and one of the principal defenses is that the trademark of the defendants is not DIA, but LOTUS DIA. This is compared with the plaintiff's CYCLE brand. It is, thus, claimed that LOTUS DIA is a composite mark and, thus, there is no question of deception. It is also claimed that the word 'LIA' is not a trademark and is being used as only a quality mark. The defendants have claimed to have adopted the trademark LOTUS DIA bona fide during the course of business, which is distinct from the mark of the plaintiff. The word 'DIA' is stated to be an ordinary word used in reference to 'small earthen lamps', which is commonly used on religious occasions.

Insofar as the infringement of copyright is concerned, it is claimed that the trade dress and the artistic features are completely different for the two. The allegation of passing off has been denied and it has been claimed that the plaintiff has, in fact, come with unclean hands before

the Court. The defendants claim to have achieved sales worth Rs. 5.75 Lakhs in 2003-2004 and about Rs. 10.15 Lakhs from 01.04.2004 to 0.08.2004. The defendants claim to have engaged the services of an artist at Bangalore to create the copyright and the labels / packaging. It is, thus, stated that the plaintiff is not entitled to any relief of injunction or damages.

On the pleadings of the parties, the following issues were framed:-

"1. Whether the plaintiff is registered partnership firm and the suit is filed and instituted through a competent person and to what effect?

2. Whether the plaintiff is the proprietor both under the statutory and common law of the alleged trademarks and copyrights LIA and artistic works / copyright bearing the same in relation to its alleged products being incense sticks / agarbathies?

3. Whether the defendant impugned trademark 'LOTUS DIA' and its artistic features and labels are identical with or deceptively similar to the trademark / copyrights of the plaintiff sued upon amounting to infringement and passing off and to what effect?

4. Whether the plaintiff is guilty of suppressing material facts and making false statements and to what effect?

5. Whether the defendants have honestly adopted and used his subject matter trademark since 2003 in relation to incense sticks (agarbathies) and to what effect?

6. Whether the defendants, in the alternative, are entitled to benefit of honest and concurrent users and to what effect?

7. Whether the suit is barred by delay, acquiescence, laches, estoppel and waiver?

8. Relief."

On 25.08.2004, learned counsel for the parties agreed that the plaintiff would not claim damages and the defendants would not press the decision on Issue No. 1 relating to the competency of institution of the suit. It was also agreed that the documents filed by both the parties may be read in evidence without formal proof and no oral testimony was required for adjudication of the suit.

Parties were heard at length and the matter in question is really one of legal issues to be examined in the context of the documents filed by the respective parties. The findings arrived at on the issues are set out hereinafter.

ISSUE No. 1:

Whether the plaintiff is registered partnership firm and the suit is filed and instituted through a competent person and to what effect?: Answered in favor of the plaintiff.

ISSUE No. 2:

Whether the plaintiff is the proprietor both under the statutory and common law of the alleged trademarks and copyrights LIA and artistic works / copyright bearing the same in relation to its alleged products being incense sticks / agarbathies?

ISSUE No. 3:

Whether the defendant impugned trademark 'LOTUS DIA' and its artistic features and labels are identical with or deceptively similar to the trademark / copyrights of the plaintiff sued upon amounting to infringement and passing off and to what effect?

Issues No. 2 and 3 have to be dealt with together as they relate to the proprietorship right of the plaintiff as also the allegation of the defendants infringing the right. The plaintiff has claimed that the mark LIA is completely distinctive mark, which is arbitrary in nature and has no meaning. The name LIA is also stated to be extremely uncommon in the agarbathi market. The packaging is stated to have distinctive features and the general colour scheme and lay-out of the package is alleged to have an inalienable association with the plaintiff firm's LIA brand.

The composite effect of the shades used for each fragrance, the labeling, design lay-out as well as the unique price range is claimed to leave an indelible association with the plaintiff's firm's LIA brand. The plaintiff's claim is of ownership and of copyright in the LIA brand as also the ownership and the copyright in the entire get-up, the lay-out and trade dress. The application of the plaintiff before the Trademark Registry is stated to be pending and the plaintiff claims to have acquired goodwill in the mark based on sales figures. In this behalf, the annual turn over figures have been given, which is in the range of Rs. 413.17 Lakhs for the financial year of 2003-2004.

The plaintiff has emphasized the fact that the name DIA is similar to LIA and the word 'DIA' has been chosen with dishonest intention of trading on the goodwill of the plaintiff's LIA. In this behalf, the crucial question would be whether the trade-name under which the defendants are marketing is actually DIA or LOTUS DIA as claimed by the defendant?

Learned counsel for the plaintiff sought to emphasize that the defendants could better have kept the word DIVYA which is the name of the company and the motive behind the name DIA was that phonetically and visually, it was similar to the word LIA. Not much can be made out from the plea of the plaintiff that the defendants have been selling agarbathies under different brand-names since even the plaintiff has admittedly been selling agarbathies under different brand-names.

Learned counsel for the plaintiff contended that the defendants had copied almost all the essential features of the plaintiff's get-up including the colour scheme, logo, text, picture / motif and the use of vernacular scripts on the side of the carton. The details of this as alleged by the plaintiff have already been set out herein-above in the tabular form.

A further plea raised by the plaintiff is based on the allegation against the defendants of attempting to mislead the customers as to the source / origin of the goods. This arises from the allegation made in the plaint as well as in the report of the Local Commissioner, who visited Bangalore, to show that while the business of the defendants was being carried on at U.P. and NOIDA, the use of the scripts of Devnagri, Tamil, Kannada and Telugu was only to give an impression as if the product was of the plaintiff. The address given was also stated to be incorrect.

The allegation of the plaintiff is of identical get-up to confuse the customer in order to ride piggy back on the reputation of the plaintiff. In this behalf, a lot of emphasis has been laid on

the fact that the product packaging is an extremely important factor in the consumers' purchase decision as it indicates to the customer not only the factual information about the product, but also an overall brand image. An allegation has also been made of the fact that the defendant has used 'TM' next to its name, which is normally used for reference to pending trademark registration, even though the defendants did not have a pending application for the name DIA at the time of filing of the suit. The significance of the addition of word 'LOTUS' is sought to be diluted in terms of the submissions made by learned counsel for the plaintiff on account of two factors - firstly, the defendants admittedly attempted to file an application for registration of the mark DIA in Class 3 and the application was not for LOTUS DIA and secondly, the primary ingredients of the defendants' mark is DIA and the word 'LOTUS' is an extremely insignificant part of the defendants' logo, get-up and packaging. Thus, merely by adding a prefix, the defendants cannot claim that the essential feature is different. In this behalf, it is also stated that the word 'LOTUS' being a name of the flower is naturally associated with fragrance and is, therefore, descriptive and laudatory in respect of agarbathies and cannot serve as a trademark in relation to agarbathies as its use in this respect is descriptive of character and quality of goods. Thus, the word LOTUS even when used on conjunction with the word DIA, it is the word DIA which remains the essential feature of the mark.

The written synopsis of the plaintiff contain an elaborate list of judgments, but ultimately learned counsel for the plaintiff confined the reference to only some of the judgments on each of the propositions of law, which was arising for adjudication.

The first aspect to be considered, as noticed above, is the impact of the use of the word 'LOTUS' as a prefix to the word 'DIA'. Learned counsel for the plaintiff contended that when two marks have an overall similarity (whether phonetic or visually) and are used in relation to the goods of the same description, then the mere addition of a prefix or suffix is not of much significance as the test is of unwary purchaser of average intelligence and imperfect recollection, who would not split the words into their component parts, but would be deceived by their overall similarity. In this behalf, learned counsel referred to judgment of the Supreme Court in *Ruston & Hornsby Ltd. v. The Zamindara Engineering Co.* wherein it was held that in an action of this kind, the test as to the likelihood of confusion or deception arising from similarity of marks is the same both in infringement and passing off actions. Where the mark is identical, in an infringement action, the Court will not enquire whether the infringement is such as is likely to deceive or cause confusion. However, where the alleged infringement consists of using not the exact mark on the register, but something similar to it, the test of infringement is the same as an action for passing off. The Supreme Court was dealing with two words 'RUSTON' and 'RUSTAM'. It was held that the trademark is deceptively similar and the mere fact that the word 'INDIA' is added to the respondent's trademark of 'RUSTAM' is of no consequence and the appellant would be entitled to succeed in the action of infringement of the trademark.

Learned counsel for the plaintiff next referred to judgment of the Supreme Court in *Parle Products (P) Ltd. v. J.P. & Co., Mysore*, [PTC (Suppl) (1) 346 (SC)] to advance the proposition that if the overall visual impression from the colour scheme, arrangement of lettering, shape of container, packaging, get-up, trade dress leads to confusion in the minds of the consumer as to the source / origin of the goods and renders the two goods deceptively similar, especially in the

case of unwary and gullible customers, it would amount to passing off as well as infringement of the copyright in the packaging and there would be sufficient justification for restraining the defendant. In such cases, proof of actual confusion was not required. It was observed by the Supreme Court as under:-

It is therefore clear that in order to come to the conclusion whether one mark is deceptively similar to another, the broad and essential features of the two are to be considered. They should not be placed side by side to find out if there are any differences in the design and if so, whether they are of such character as to prevent one design from being mistaken for the other. It would be enough if the impugned mark bears such an overall similarity to the registered mark as would be likely to mislead a person usually dealing with one to accept the other if offered to him. In this case we find that the packets are practically of the same size, the colour scheme of the two wrappers is almost the same; the design on both though not identical bears such a close resemblance that one can easily be mistaken for the other. The essential features of both are that there is a girl with one arm raised and carrying something in the background there is a farm house with a fence. The word 'Glucose Biscuits' is one and 'Gluco Biscuits' on the other occupy a prominent place at the top with a good deal of similarity between the two writings. Anyone in our opinion who has a look at one of the packets today may easily mistake the other if shown on another day as being the same article which he had seen before. If one was not careful enough to note the peculiar features of the wrapper on the plaintiffs' goods, he might easily mistake the defendants' wrapper for the plaintiffs' if shown to him some time after he had seen the plaintiffs. After all, an ordinary purchaser is not gifted with the powers of observation of a Sherlock Holmes. We have therefore no doubt that the defendants' wrapper is deceptively similar to the plaintiffs' which was registered. We do not think it necessary to refer to the decisions referred to at the bar as in our view each case will have to be judged on its own features and it would be of no use to note on how many points there was similarity and in how many others there was absence of it."

Learned counsel for the plaintiff relied on the judgment of learned Single Judge of this Court in *Colgate Palmolive Company. v. Anchor Health and Beauty Care Pvt. Ltd.* [2003 (27) PTC 478 (Del)] wherein it was observed as under:-

"52. It is the overall impression that customer gets as to the source and origin of the goods from visual impression of colour-combination, shape of the container, packaging, etc. If illiterate, unwary and gullible customer gets confused as to the source and origin of the goods which he has been using for longer period by way of getting the goods in a container having particular shape, colour combination and get-up, it amounts to passing off. In other words, if the first glance of the article without going into the minute details of the colour combination, get-up or layout appearing on the container and packaging gives the impression as to deceptive or near similarities in respect of these ingredients, it is a case of confusion and amounts to passing off one's own goods as those of the other with a view to encash upon the goodwill and reputation of the latter.

53. The plaintiffs have succeeded prima facie in showing from the look of trade dress of the two articles, one manufactured by the plaintiff and another by the defendant from the point of view of not only unwary, illiterate customer / servants of the household but semi-literate also as the trademarks. "Colgate" and "Anchor" are written in English language cannot be distinguished by ordinary customer of a country where bare literacy level is abysmally low. There is every likelihood of confusion as to the source on account of the similarity of substantial portion of the container having particular colour combination and also shape of the container which alone helps in determining the allegations of passing off despite stripes in the same colour or in different colour. The criteria is the overall impression from the look of packaging / container containing the goods and articles that can legitimately injunct its rival. Such an action on the part of infringing party also has an element of unfair competition.

54. May be, no party can have monopoly over a particular colour but if there is substantial reproduction of the colour combination in the similar order either on the container or packing which over a period has been imprinted upon the minds of customers it certainly is liable to cause not only confusion but also dilution of distinctiveness of colour combination. Colour combination, get-up, layout and size of container is sort of trade dress which involves overall image of the product's features. There is a wide protection against imitation or deceptive similarities of trade dress as trade dress is the soul for identification of the goods as to its source and origin and as such is liable to cause confusion in the minds of unwary customers particularly those who have been using the produce over the long period.

55. The difference in the style of the words appearing on the container or packing identifying its manufacturers by way of style, colour combination or textures or graphics is certainly significant or relevant for determining the overall imitation of the container but if a product having distinctive colour combination, style, shape and texture has been in the market for decades as in this case it is in the market since 1951 it leads to ineluctable inference of having acquired secondary meaning on account of its reputation and goodwill earned at huge cost.

56. It is not the diligent or literate or conscious customer who always remain conscious to the quality of goods he has been purchasing which determines an offence of passing off. It is the unwary, illiterate and gullible persons who determine by arriving at a conclusion whether the infringed goods are confusingly similar in colour combination, get-up, layout printed over the container or packing. If it is not so then the offence of passing off will cease to have its existence once the guilty party chooses a different trade name."

Learned counsel for the plaintiff further submitted that even if the defendants are not enjoined from using specific colours, they can be enjoined from using them in particular graphic display, which is confusingly similar to the logo format implied by the plaintiff. This plea really arises from the stand of the learned counsel for the defendants that the plaintiff cannot have copyright in specific colours, especially taking into consideration the nature of the product, e.g., incense with fragrance of sandalwood will be required to have a trade dress of sandalwood. In

this behalf, learned counsel referred to judgment of the Court of Appeals, Ninth Circuit of U.S. in *Vision Sports Inc. v. Melville Corporation* [12 USPQ 2d 1740]. In the said case, a judgment of the Court of Appeals, Fifth Circuit in Cf. *Chevron Chem. Co. v. Voluntary Purchasing Groups, Inc.* [21 USPQ 904] was quoted with approval where it was observed as under:-

"(2) ... "protect the combination of particular hues of these colors, arranged in certain geometric designs, presented in conjunction with a particular style of printing, in such fashion that, taken together, they create a distinctive visual impression. ..."

Another interesting observation made in the said judgment of *Vision Sports Inc.'s* case relates to the finding that a conscious imitation supports presumption that similarity will cause customer confusion. Likelihood of confusion in the trade dress context is evaluated by reference to the same factors used in the ordinary trademark context; strength of the trade dress, similarity between plaintiff's and defendant's trade dress, evidence of actual confusion, marketing channels used, type of goods and likely degree of purchaser care, and the defendant's intent in selecting its trade dress, The likelihood of confusion determination in trade dress cases must be made in the light of 'the total effect of the defendant's product and package on the eye of the ordinary purchaser'.

Learned counsel also advanced the proposition that while second comer will not be barred from making and selling the same product as the first comer, the second comer is under an obligation to name and dress his product in such a manner as to avoid all likely confusion. In this behalf, learned counsel referred to judgment of the Court of Appeals, Second Circuit in *Harold F. Ritchie, Inc. v. Chesebrough-Pond's, Inc.* [126 USPQ 310] where it was specifically observed that as under:-

"Second comer has duty to so name and dress his product as to avoid all likelihood of consumers confusing it with product of first comer; although second comer may endeavor to capture first comer's market, he must do this by giving his product a name and dress descriptive and fanciful in its own right and selling it on its own merit, not by confusing public into mistakenly purchasing his product for competitor's; second comer must create reputation of his own and not trade on goodwill of another product already established at considerable cost and risk; important in determining whether second comer's entrance into market creates possible confusion is any evidence of conscious imitation of first comer's product.

In determining whether there is confusing similarity, court should consider names of products in conjunction with similarity of presentation of products with respect to their design and general appearance, containers, tubes, price, size, smell and other nonfunctional aspects; admittedly there is nothing to prevent second comer from selling identical product of the first comer, providing second comer so names and dresses its product as to avoid all likely confusion; test has not been met where not only was there conscious imitation, but also actual confusion resulted from similarity of name and dress."

Learned counsel for the defendants, on the other hand, has referred to the fact that the mark of the plaintiff is still unregistered. It is, thus, contended that the action can only be one of

passing off. In this behalf, learned counsel has referred to judgment of the Apex Court in *American Home Products Corporation v. Mac Laboratories Pvt. Ltd.*, where in 36, it was observed that the proprietor of an unregistered trademark whose mark is unauthorisedly used by another cannot sue for infringement of such trademark and his remedy only lies in bringing up of passing off action even though the same is an inconvenient remedy as compared to infringement action. This is so since in a passing off action, the plaintiff will have to prove that his mark has by user acquired such reputation as to become distinctive of the plaintiff's goods so that if it is used in relation to any goods of the kind dealt with by the plaintiff, it will be understood by the trade and public as meaning that the goods are the plaintiff's goods.

It was, thus, contended by learned counsel for the defendants that once the parameters of a passing off action are considered, the defendants in any case are entitled to escape liability if they can show that the added matter is sufficient to distinguish their goods from those of the plaintiff.

The Division Bench of this Court in *Johnson & Johnson v. Christine Hoden India (P) Ltd.* [1988 PTC 39] observed that the main question is not the intention of defendant in using certain words, but the probable effect of such action on minds of the customer. Thus, colour scheme, lettering style, etc. become of significance.

Learned counsel for the defendants submitted that for establishing confusion and deception, overall impact has to be seen in entirety and not parts have to be picked up in isolation. Learned counsel referred to the judgment of Division Bench of this Court in *Kellogg Company v. Pravin Kumar Bhadabhai* [1996 PTC (16) 187]. The contention of similar get-up or trade dress was held not to be tenable. The dispute related to the plaintiff's sale of cornflake with cartons having the description inscribed as KELLOGG'S CORNFLAKE. The respondent was selling cornflake using a carton more or less similar in size, but with the title AMIS ARISTO CORN FLAKES written just at the place where the appellant's display the words KELLOG'S CORNFLAKE. The important aspect was in relation to the principles to be kept in mind in respect of confusion and deception. The Division Bench came to the conclusion that the principal of fading memory or imperfect recollection should not be pressed too far and the goods in question sold to people belonging to middle class or upper middle class, who are fairly educated, has to be tested accordingly. It was held that there was no chance of deception. The Division Bench in para 10 while dealing with the aspect of trade dress observed as under:-

"10. The law relating to 'trade dress' is very clear. Kerly in 'Law of Trade Marks' (12th Ed., 1986, para 16.67) says that it is usually true in some degree that a trader's goods are recognised by their general appearance, or 'get-up'. Accordingly, resemblance or 'get-up' is not uncommonly an ingredient in passing off and it is possible for imitation of get-up alone to amount to passing off. Such cases are rare, since few traders rely on get-up alone to distinguish their goods, so that trade names and word trade marks are ordinary present too;"

and the author says:

"and in these days, in this country, a difference in names is enough to warn the public that they are getting one trader's goods and not the others" [*Sapers v. Specters*, (1953)70 RPC 173]."

The whole question in these cases is whether the thing - taken in its entirety, looking at the whole thing, is such that in the ordinary course of things a person with reasonable apprehension and with proper eyesight would be deceived."

The judgment of the Division Bench in *Kellogg Company* case generated further arguments as to whether it correctly reflected the position of law on this aspect, as referred to by learned counsel for the defendants.

Thereafter, in judgement para 58, 59, amongst other things, the court discussed the overruling of *S.M. Dyechem Ltd. v. Cadbury (India) Ltd.* AIR 2000 SC 2114 (the dictum of Lord Halsbury was relied upon wherein it was observed that, "the kind of customer that the Courts ought to think of in these cases is the customer who knows the distinguishing characteristics of the plaintiff's goods, those characteristics which distinguish his goods from other goods in the market so far as relates to general characteristics. If he does not know that, he is not a customer whose views can properly be regarded by the Court) by *Cadila Health Care Ltd. v. Cadila Pharmaceuticals Ltd.*, which clarified that ("broadly, under our law as seen above, it can be said that stress is laid down on common features rather than on differences in essential features, except for a passing reference to a limited extent in one case.").

One other aspect, which has to be considered vis-a-vis *Kellogg Company's* case as also the issue of the class of purchaser, it was observed as under:-

"24. Having dealt with the contention of imperfect memory of the customer, we shall now deal with the class of purchasers, which is also an important factor. Who are the persons who go to purchase 'Kelloggs' Corn flakes? Prima facie, in our opinion, these people belong to a middle-class or upper middle class and above who are fairly educated in English and are able to distinguish 'Kelloggs' and what is not 'Kelloggs'. In American Jurisprudence (2d) (Trade Marks) (Supp) para 19 (page 178) it is said that it is necessary to note the fact:

"that customers for fasteners are sophisticated and discerning, that defendant acted with good faith."

In *Amritdhara Pharmacy v. Satya Gupta*, the product was examined from the prospect of it being purchased by villagers and townfolk, literate as well as illiterate and, thus, the question has to be approached from the point of view of a man of average intelligence and imperfect recollection. A trade may be related to goods largely sold to illiterate or badly educated persons and the purchaser in India cannot be equated with a purchaser of goods in England.

The aspect, which is important, is the nature of the product. To this extent, apparently the views expressed in *Kellogg Company's* case were also based on this nature of product. As noticed above, the class of purchaser purchasing Kellogg's Cornflakes were stated to be people belonging to the middle class or the upper middle class who are fairly educated in English. Such category of customers were categorised as sophisticated and discerning. The question remains whether the product in question in the present case being the agarbathies can be

categorised as such. In my considered view, the answer would be an emphatic No. The very nature of product is such that it is bought not only by a sophisticate and discerning customer, but people from all walks of life. The use of such fragrance sticks is largely for the purposes of pooja, but it is also used for other purposes of fragrance in the rooms, etc. The average customer is not one who will make a detailed scrutiny colour by colour, mark by mark to find out whether the product is of the plaintiff or the defendants. The profile of the customer will vary from the rich to the poor. It has also to be kept in mind that, in fact, the more discerning and rich customer may not even go to buy such a product himself, but would possibly dispatch the house-help to obtain the same. Thus, the factors which weighed in *Kellogg Company* case would hardly apply to the present case.

It is in view of the aforesaid position that the two products have to be compared. There is some substance in the plea of learned counsel for the defendants that the plaintiff cannot have a monopoly on colours. This is so as in case of an agarbathi with sandal incense, naturally the colour of sandal or the pieces of sandal being shown on the container found form an essential ingredient. Similar position would be with rainbow. Of course, the stand of the plaintiff is that LAVENDER of the defendants is similar to RAINBOW of the plaintiff, while the defendants contend that LAVENDER itself would have a purple tinge of the colour. The NATURE'S GIFT of the plaintiff has a shade of green with a whitish mogra on it. The MOGRA of the defendants is also green with larger number of mogras on it. In this behalf, the contention of the plaintiff is that if mogra is whitish, there was no reason to necessarily adopt the green colour. Similarly, in respect of ROSE, which is of different colours, there was no reason why the defendants should have taken the same pink colour as of the plaintiff.

The parameters laid down for such comparison have been set out in judgment of the Apex Court in Parle Products (P) Ltd.'s case (supra) for deciding whether one mark is deceptively similar to another, the broad and essential features of the two have to be considered. They are not to be placed side by side to find out differences in the designs and it would suffice if the mark bears an overall similarity to the mark. As pithily observed, an ordinary purchaser is not gifted with the powers of observation of Sherlock Holmes. However, this principle would not apply to mere colours. Colours are after all only certain hues.

The aspect of copyright in colours have been examined in a recent judgment of learned Single Judge of this Court in IA Nos. 3412/2002 & 4489/2003 IN CS (OS) No. 672/2003 titled '*Colgate Palmolive Co. Limited v. Mr. Patel*' decided on 06.10.2005. The colours in question were red and white colours of COLGATE. It was held that essential features of the plaintiffs' mark were the word 'COLGATE' and red and white colour scheme taken together. The position of law laid down in *Campbell Soup Co. v. Armor & Co.* [81 USPQ 430] was also discussed:-

"That a man cannot acquire a trade mark by color alone has been stated a good many times in decisions and textbooks"

"... When we say that plaintiffs cannot have exclusive right to a trade mark of a red and white label, we are by no means denying their right to acquire a trade mark when the color is combined with other things in a distinctive design. As a matter of fact, the distinctiveness of plaintiff's packages does not depend upon colour alone, although each has been granted registration of a trade mark described in terms of color. Each

has its name in one of the color bands in a uniform and specified type of script. Each has a very distinctive design on its label.

Thus, even in the U.S., the position of law is that colours per se cannot be claimed as trade marks. It has been consistently held that colour must combine with other things to acquire a distinctive design which may afford protection to the defendant.

From the Colgate case, following text was found relevant:

“even though the colour combination of the registered mark indicates red and white, in essence the carton of the plaintiffs for which registration has been granted is entirely in red except the logo in the form of the word 'COLGATE' and other small ancillary words such as the price, quality etc. which are printed in white. It is this placement of small print in white containing the word 'COLGATE' in a small area placed on the back ground in red which contributes to the commercial impact of the plaintiff's carton in the market place and indeed gives exclusivity and distinctiveness to the plaintiff's mark. Thus, the mark COLGATE in white on a red background highlights the plaintiff's product and gives a distinct identity to the combination, and such a combine is certainly entitled to protection from not only passing off, but infringement too. However, I am also of the view that the red and white colour combination per se without the word/mark 'COLGATE' is not entitled to protection from infringement.”

However, de hors the finding that there was no infringement of the plaintiff's registered mark by the defendant's mark, the plea of passing off is required to be considered on its own. The Hon'ble Supreme Court in *Cadila Health Care Ltd. v. Cadila Pharmaceuticals Limited*, laid down the following authoritative position of law in respect of tests for ascertaining passing off:-

"35. Broadly stated, in an action for passing-off on the basis of unregistered trade mark generally for deciding the question of deceptive similarity the following factors to be considered:

- (a) The nature of the marks i.e. whether the marks are word marks or label marks or composite marks i.e. both words and label works.
- (b) The degree of resembleness between the marks, phonetically similar and hence similar in idea.
- (c) The nature of the goods in respect of which they are used as trade marks.
- (d) The similarity in the nature, character and performance of the goods of the rival traders.
- (e) The class of purchasers who are likely to buy the goods bearing the marks they require, on their education and intelligence and a degree of care they are likely to exercise in purchasing and/or using the goods.
- (f) The mode of purchasing the goods or placing orders for the goods.

(g) Any other surrounding circumstances which may be relevant in the extent of dissimilarity between the competing marks.

36. Weightage to be given to each of the aforesaid factors depending upon facts of each case and the same weightage cannot be given to each factor in every case."

It was also held by this Court as under in *Colgate Palmolive Co. v. Anchor Health and Beauty Care* [2003(27) PTC 478 (Del)]:

May be, no party can have monopoly over a particular colour, but if there is substantial reproduction of the colour combination in the similar order either on the container or packing which over a period has been imprinted upon the minds of customers it certainly is liable to cause not only confusion but also dilution of distinctiveness of colour combination. Colour combination, get up, lay out and size of the container is sort of trade dress which involves overall image of the product's features. There is a wide protection against imitation or deceptive similarities of trade dress as trade dress is the soul for identification of the goods as to its source and origin and as such is liable to cause confusion in the mind of the unwary customers particularly, those who have been using the product over a long period."

Thus, it is the whole combination which has to be seen to come to the conclusion whether the same would liable to cause confusion to the average customer. Thus, though there may not be any right in any single colour, there can be use of combination of colours coupled with the mark and the manner of arrangement on the box / container, which would be of significance. Thus, the second comer has a duty to so name and dress his product as to avoid all likelihood of confusion amongst the consumers. The important test is whether there is any evidence of conscious imitation of the first comer's product. The plaintiff is certainly the first comer, though there is some dispute about the date/year from which the sales have proceeded. This Court, thus, has to consider the names of the products in conjunction with similarity of presentation of products with respect to the design and general appearance, container, tubes, price, etc. Thus, what is not important is the exclusive use of a particular colour, but the use of colour in a particular graphic display in a logo format, which may cause confusion.

It is in the aforesaid context that a mere prefix or suffix would certainly not suffice, but the mark has to be seen as a whole.

There is no doubt that the word LOTUS is used as a prefix by the defendants. However, what is of significance is the manner of placement of LOTUS. The font is smaller and less significant. The significance is on the word 'DIA'. The font used for writing DIA is similar to the one used in writing LIA. It is similarly underlined in the same style of a curve-line underneath. As stated above, though the word 'LIA' has two dots below the line, it is not that each feature has to be seen with the magnifying glass. It is the overall impact which has to be considered.

Interestingly, defendants have admittedly applied subsequently for registration of the mark DIA and not LOTUS DIA. The essential ingredient feature of the mark is DIA and not LOTUS DIA. It is not just a case of phonetic similarity, a prefix being added, a similar colour scheme, similar packaging with certain endorsement, but all these aspects taken collectively to see the

import of the trade dress used by the plaintiff and the defendants. If each individual feature is taken into consideration, maybe there would be some minor differences. However, that is not material.

A perusal of the boxes show that the colour scheme has a pattern, though the colours in its hues may vary slightly. They have a pastel base with softening to whitish towards the centre of the box and again going up to a darker colour. The NATURE'S GIFT LIA has a mogra flower. The defendants have adopted mogra flower to sell the MOGRA incense sticks. Mogra is of a whitish colour and if the object is to give an indication of the nature of incense, it was certainly not necessarily to use only green colour. Similarly, for the rose, it is the pink colour. It is not only an aspect of imitation of one particular colour scheme or fragrance, it is the series of such six packages which has been adopted. In such a case, the object of the defendants itself appears to be to mislead the customer into believing that the product is of the plaintiff or at least has some connection with the product of the plaintiff.

The defendants are primarily based in the North, yet they have chosen to inscribe on the side of the box with vernacular scripts of Devnagri, Tamil, Kannada and Telugu in the same pattern. At the cost of repetition, it may be emphasized that this factor alone is not relevant, but is coupled with the other factors discussed above. Even the address indicated of the defendants was not found to be correct, but was given of the person who was doing work for the defendants on job-work basis. The address of the plaintiff was at Mysore while that of the defendants was given at Bangalore.

The overall visual impression from the colour scheme, the arrangement of the mark, the style of writing of the mark, the general get-up and trade dress leads to the conclusion that there is a clear attempt on the part of the defendants to pass off their goods as that of the plaintiff and, thus, the test laid in *Parle Products (P) Ltd.* case is clearly satisfied. The ingredients of a passing off action have been very succinctly set out in *Yves St Laurent Parfums* case, which sets out that a misrepresentation need not to be crass, but may involve a complex mechanism of misrepresentation. Thus, the representation may operate in a number of ways, no single one of which may be compelling but a combination of which is effective. This is the position in the present case. One only needs to look at two products side by side to see the striking similarity in various combination of factors. It is the overall impression that a customer gets to the source and origin of the goods from visual impression of colour combination, packaging and the get-up, which is of relevance and if an unwary and gullible customer gets confused, it amounts to a passing off as set out in *Colgate Palmolive Co. Ltd.* case. No doubt, there is no monopoly in colour combinations, but what is relevant in the present case is that there is substantial reproduction of the colour combination in a similar pattern in each packet and there are similar six series of packets. The defendants being the second comers owed a duty to name and dress their product in such a manner as to avoid all likelihood of consumers confusing it with the product of the first comer.

A result of the comparison of six containers shows that there is similarity in colour pattern, phonetic similarity in the trade-name, the use of colours in a particular pattern - whiteness towards the centre and again darker colour at the base and the top, writing on Devnagri and other scripts in a similar fashion, which leaves little doubt about the motive of the defendants.

The packaging is identical and so is the pricing. If all these factors are taken into account, I have no doubt that the clear object of the defendants was to deceive the unsuspecting customers, who come from various stratas of society and are not a discerning customers.

The plaintiff has given detailed figures of its sales under this particular brand-name and colour scheme. The artistic work of the plaintiff was registered. The turnover for the range of products for the financial year of 2002-2003 is Rs. 243.67 Lakhs and for the financial year of 2003-2004 is Rs. 413.7 Lakhs. This is duly supported by the Chartered Accounts' certificate. As against this, the defendants claim sales for the financial year of 2003-2004 of Rs. 5.75 Lakhs and for the first five months of the financial year of 2004-2005 of Rs. 10.15 Lakhs.

For all aforesaid reasons, Issues No. 2 and 3 are answered in favor of the plaintiff and against the defendants.

The aforesaid findings, thus, show that the defendants' packaging is identical or deceptively similar to that of the plaintiff and the defendants are attempting to pass off their product as that of the plaintiff.

ISSUE No. 4:

Whether the plaintiff is guilty of suppressing material facts and making false statements and to what effect?

Issue No. 4 relates to the claim of the defendants that the plaintiff is guilty of suppression of material facts in respect of the date from which its sales started. No sales figure of 2001 onwards have been given and before the Registering Authority, the application shows sales from 2002. Thus, the claim of user since 2001 has been falsely made. I am of the considered view that nothing much turns on this since the plaintiff is the prior user and figures have been given from 2003-2004 onwards. The plaintiff may have begun the process in 2001 and applied for registration in 2004. Thus, the issue is answered in favor of the plaintiff.

ISSUE No. 5

Whether the defendants have honestly adopted and used his subject matter trademark since 2003 in relation to incense sticks (agarbathies) and to what effect?

ISSUE No. 6

Whether the defendants, in the alternative, are entitled to benefit of honest and concurrent users and to what effect?

Issues No. 5 and 6 are linked since they arise from the claim of defendants having honestly adopted and used his subject matter trademark since 2003 or at least be entitled to benefit of honest concurrent user. The findings arrived at in respect of Issues No. 2 and 3 show that the defendants have, in fact, deliberately attempted to pass off their goods as that of the plaintiff and if all the features are taken together, it is a clear case of deception. Thus, the defense of honest concurrent use can hardly be said to be available to the defendants. Thus, Issues No. 5 and 6 are answered against the defendants.

ISSUE No. 7

Whether the suit is barred by delay, acquiescence, laches, estoppel and waiver?

Issue No. 7 relates to the bar on account of delay, acquiescence, laches, estoppel and waiver. The defendants have really not even advanced any submissions on this aspect. The written synopsis of defendants, in fact, does not even refer to this aspect and even on the facts, such a case can hardly be made out. Thus, the issue is answered against the defendants.

ISSUE No. 8**Relief**

The question now arises as to what is the relief to which the plaintiff would be entitled to in view of the fact that the relief of damages has already been given up. It has to be kept in mind that the defendants are not to be precluded from using a particular colour or a mark, but the total get-up and trade dress of the plaintiff and the defendants being similar, the defendants cannot be permitted to manufacture and sell agarbathies / incense sticks in the packaging as is being done at present.

The plaintiff is, thus, entitled to a decree of permanent injunction against the defendants or anyone acting under the defendants or its retailers, stockists, agents, etc. from in any manner manufacturing or selling agarbathies / incense sticks in the offending packaging under the trade-name DIA and the colour scheme of the packaging or in any manner in packaging, which are substantial reproduction of the packaging of the plaintiff. The decree would, thus, operate in respect of the offending packaging in question or any deceptively similar packaging to that of the plaintiff sold under the trade-name LIA and the manner of the representation of colour schemes in the range of the products.

The plaintiff shall also be entitled to costs. Decree-sheet be drawn up accordingly.

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Pepsi Co. Inc. v. Hindustan Coca Cola Ltd.

2003 (27) PTC 305 (Del) (DB)

USHA MEHRA, J. - "Frivolity has become a serious business these days. Television commercials which are meant to portray a stylization of the good life are crafted with great care, using all the skills that the arts and psychology have produced."

2. The vast majority of the viewer of the commercial advertisement on electronic media are influenced by the visual advertisements as these have a far reaching influence on the psyche of the people, therefore, discrediting the product of a competitor through commercial would amount to disparagement as has been held by the High Courts and the Supreme Court of India as well as the Law laid down by Courts in U.K. & U.S.A.

KERLY'S LAW OF TRADE MARKS AND TRADE NAMES BY DAVID KITCHIN AND ANR. in Appendix 16, deals with Council Directive 84/450 of September 10, 1984 relating to the approximation of the laws, regulations and administrative provisions of the Member States concerning misleading advertising where the Council of the European Communities having regard to the Treaty establishing the European Economic Community, and in particular Article 100 thereof while taking into consideration the effect of misleading advertisement which reaches beyond the frontiers of individual Member States, adopted the directives in the form of Articles. Article 3(a) deals with Comparative advertising which shall, as far as the comparison is concerned, be permitted if the following conditions are met:

"(a) it is not misleading according to Articles 2(2), 3 and 7(1).

(b) it compares goods or services meeting the same needs or intended for the same purpose;

(c) it objectively compares one or more material, relevant, verifiable and representative features of those goods and services, which may include price;

(d) it does not create confusion in the market place between the advertiser and a competitor or between the advertiser's trade marks, trade names, other distinguishing marks, goods or services and those of a competitor;

(e) it does not discredit or denigrate the trade marks, trade names, other distinguishing marks, goods, services, activities, or circumstances of a competitor;

(f) for products with designation of origin, it relates in each case to products with the same designation;

(g) it does not take unfair advantage of the reputation of a trade mark, trade name or other distinguishing marks of a competitor of the designation of origin of competing products;

(h) it does not present goods or services as imitations or replicas of goods or services bearing a protected trade mark or trade name."

3. The reading of the above would show that comparative advertising cannot be permitted which discredits or denigrates the trade mark or trade name of the competitor. Therefore, while

analysing the respective arguments of the parties we have to keep all these factors in mind. We have to see whether in the present case the respondents have disparaged the product of the appellants' namely "PEPSI COLA".

4. Pepsi Company Incorporation Along with Pepsico (India) Holdings Limited and Pepsi Foods Limited, the appellants (plaintiff's before the trial court) filed suit against Hindustan Coca Cola and others. Along with that suit appellants also filed an application for grant of ad interim injunction seeking order restraining the respondents from in any manner infringing upon the registered trade mark of the appellants by use of the word "PAPPI" which according to appellant is deceptively similar to that of the appellants' product "PEPSI" in the advertisements and commercials. Restraint order was also sought from infringing upon the copyright of the appellants in the words "Yen Dil Maange More" in television commercials including copying the roller coaster commercial of the appellants. The appellants in fact wanted a restraint order restraining the respondents from telecasting the impugned commercials or any other form of advertisements through print advertising or electronic media as according to the appellants, the impugned commercials infringed the trade mark and copyright of the appellants and disparaged the appellants' product resulting in dilution of appellants' goodwill and reputation.

5. Hindustan Coca Cola Limited and Coca Cola India Pvt. Ltd., the respondents (defendants in the suit) contested the said application. By the impugned order of the learned single Judge the application for interim injunction was dismissed on the grounds that prima-facie no case is made out nor the balance of convenience lies in favor of the appellants for the grant of interlocutory injunction. The learned Judge further observed that the issues which have been raised in the suit can be decided only after the evidence is led by the parties. That in order to protect the right of the appellants, in the meantime it has been ordered that if at the final stage and after detailed arguments, the appellant succeeds in the suit, the respondent would pay damages and therefore, directed the respondents to furnish an undertaking to pay damages to the appellants within four weeks from the decision of the suit in favor of the appellants and against the respondents. It is this order of the learned Single Judge which is under challenge.

6. We shall now state the facts and the conclusion arrived at by the learned single Judge as are material for the purpose of deciding this appeal.

7. The appellant is a registered owner of the mark "PEPSI", "PEPSI COLA" and "GLOBAL DEVICE". It also claims to be the owner of the copy right in the words "Yen Dil Maange More", which is a trade mark of the appellants under the Trade and Merchandise Marks Act, 1958. Appellants claim exclusive rights in the roller coaster commercial. The globe device is an original artistic work under the Copyright Act. Appellants' contention is that it popularized its products by means of publicity in the print media, electronic media, hoardings, banners etc. Various advertisement themes are introduced by the appellants. It is the appellant who coined the phrase "Yen Dil Maange More" for advertising "PEPSI" and this phrase has now caught up and is associated with "PEPSI COLA". It is the case of the appellant that with a view to promote their products that is "Thums Up" and "Sprite", the respondents got series of television commercials launched. These commercials according to the appellants disparaged the products of the appellants, thereby infringing the trade mark and copyright of the appellants in relation

to its registered trade mark "PEPSI", "GLOBE DEVICE" and the phrase "Yeh Dil Maange More". The roller coaster commercial has been copied by the respondents thereby infringing the copyright of the appellant.

8. The case of the appellant was contested by the respondents, inter alia, on the ground that the Cola War is a matter of trade rivalry and a market place matter. It ought not to spill over to the court of Law. The appropriate forum for settling the commercial dispute is a market place. Moreover, respondents have neither infringed the trade mark nor copyright of the appellant nor in any way disparaged the products/goods of the appellants. The respondents were puffing to promote their goods which is a healthy competition. Moreover, advertisements are nothing more than a probity and are aimed at poking funs at the advertisements of the others which is permissible in Law.

9. On these and other allegations the learned single Judge determined the questions of disparagement against the appellant by saying that commercial was healthy competition. It was mere poking the product of the appellant which is permissible. Respondents had not denigrated the product of the appellant. To say it is "Bacchon Wala Drink" does not amount to disparaging. Further held that the phrase "Yeh Dil Maange More" is not copyrightable nor respondent infringed the "Global Device" of the appellant. There is no infringement of the appellant's roller coaster commercial.

10. In this background we have to determine (i) whether prima facie the respondents have disparaged the products of the appellants; (ii) whether the globe devise and the phrase "Yeh Dil Maange More" is copyrightable and if so whether this copyright has been infringed by the respondent; (iii) whether the essence of the roller coaster has been copied by the respondents and if so the affect of the same.

11. Firstly, we have to appreciate the commercial in which on the bottle the word "PAPPI" is written, whether it meant and stood for "PEPSI". From the visual it is clear that bottle is PEPSI though the word written is PAPPI. For arriving at this conclusion we are supported by three factors namely the actor i.e. the boy who is called from the audience is asked to give his preference of Cola drink. He mutters PEPSI in muted manner but from movements of his lips, it can be seen he says PEPSI. Secondly, there are only three cola drinks i.e. PEPSI, THUMS UP and COCA COLA. The latter two belong to respondents, hence the bottle of Cola colour on which word "Pappi" is written has to be "PEPSI". Thirdly, the GLOBAL DEVICE and the colour scheme on that with the word PAPPI is that of the appellant. Hence, it can safely be concluded that the comparison in the commercial is with PEPSI. Now the question for consideration is whether the commercial by depicting that the boy preferred THUMS UP as against PEPSI because THUMS UP is strong drink while PEPSI is for children as children like sweet, amounts to disparagement or it is only a healthy competition and puffing the product of the respondents.

12. What is disparagement? The New International Websters' Comprehensive Dictionary defines disparage/disparagement to mean, "to speak of slightingly, undervalue, to bring discredit or dishonor upon, the act of depreciating, derogation, a condition of low estimation or valuation, a reproach, disgrace, an unjust classing or comparison with that which is of less

worth, and degradation." The Concise Oxford Dictionary defines disparage as under, to bring discredit on, slightlying of and depreciate."

13. In the electronic media the disparaging message is conveyed to the viewer by repeatedly showing the commercial everyday thereby ensuring that the viewers get clear message as the said commercial leaves an indelible impression in their mind. To decide the question of disparagement we have to keep the following factors in mind namely; (1) Intent of commercial (ii) Manner of the commercial (iii) Story line of the commercial and the message sought to be conveyed by the commercial. Out of the above, "manner of the commercial", is very important. If the manner is ridiculing or the condemning product of the competitor then it amounts to disparaging but if the manner is only to show one's product better or best without derogating other's product then that is not actionable. Take for example the commercial which is at page 30 (Annexure A) filed with the plaint which describes "PEPSI" as a "Bachhon Wali Drink" and the same is mocked at in the commercial and the message is "that the kids who want to grow up should drink "Thums Up." The entire commercial advertisement is shown to convey that the kids should prefer "Thums Up" as against "PEPSI", which is sweet and meant for small children and not grown up boys. The commercial shows that the lead actor asks a kid which is his favourite drink. He mutters the word "PEPSI", which can be seen from his lip movement though the same is muted. The lead actor thereafter asks the boy to taste two drinks in two different bottles covered with lid and the question asked by the lead actor is that "Bacchon Ko Konsi pasand aayegi"? After taste the boy points out to one drink and says that that drink would be liked by the children because it is sweet. In his words he says. "Who meethi hain, Bacchon ko meethi cheese pasand hai". He discredited the drink one which according to him has a sweet taste. He preferred the other drink which according to him tastes strong and that grown up people would prefer the same. At that point, the lead actor lifts the lid from both the bottles and the one which is said to be strong taste reveals to be "Thums Up", and one which is sweet, word "PAPPI" is written on the bottle with a globe device and the colour that of the "PEPSI". Realizing that he had at the initial stage given his preference for "PEPSI" and subsequently finding it to be a drink for kids, the boy felt embarrassed. This embarrassment gesture he depicts by putting his hands on his head.

14. Second advertisement which appears at pages 35-45 (Annexure B) filed with the plaint is another commercial advertisement in which the star actor asks the audience. "Ek Sawaal do glass. Bacchoako konsi drink pasand aayegi?" As in the first commercial, in this commercial also the drinks are covered and one described as a sweet drink called "Bacchonwala" and the bottle comparing the Globe Device and the mark "PAPPI". Like in the first advertisement, in this also the boy covers his head with his arms and hands in the gesture of embarrassment. Then there is another commercial advertisement at pages 46-50 and at page 51 as Annexures C and D of the plaint. These two commercial advertisements are on the same line as the earlier one. The word "PEPSI" is uttered in muted way. Similarly the globe device and the mark "PAPPI" is used on the bottle. On the choice of the boy for Pappi i.e. Pepsi the lead actor mockingly says, "Wrong Choice Baby". In these commercials the bottle which resembles "PEPSI" and is referred to as "PAPPI" is termed as "Bacchon Wali". "Thums Up" is referred to as "Bado Ke Liye and Damdar Hai". Pepsi is projected to be a drink for kids, as it is "Sweet". These commercial through the electronic media, Mr. Kapil Sibal, Sr. Advocate contended disparage

the goods of the appellant because by comparison, the respondents have tried to denigrate the product of the appellant in the eye of the young audience. Respondent projected Pepsi to be only a sweet drink hence of inferior quality. Mr. Kapil Sibal, Sr. Advocate then contended that by competitive advertisement the respondent could at best say that their Cola is better by giving reason but they couldn't denigrate appellant's Cola by calling it a sweet drink meant only for small children, and not meant for grown up. Hence, choice of the boy for PEPSI was said to be wrong amounts to disparagement. These advertisements by the respondents are not only made in mocking manner but in fact denigrate the goods of the appellant when the lead actor said "Wrong choice baby", and that the "Thums Up" is a right choice. The saying of the lead actor "Kyo Dil Maange No More" in fact depict the product of the appellant in poor and inferior form.

15. Countering these arguments, Mr. Iqbal Chhagla, Senior Advocate contended that the Cola War between the parties can't be dragged to the court. Comparative advertising is a facet of the "Cola War". The appellant even through its commercials have attempted to parody the products and advertisements of "Coca Cola". To support his contentions Mr. Chhagla relied on the observation made by Lord Diplock in *Erven Warnink B.V. v. J. Townend & Sons (Hull) Limited* [1980 RPC 31] where it is opined that the economic battles should be confined to the market place. By granting the injunction, Mr. Iqbal Chhagla, contended this Court would be hampering healthy competition in the market. Rival claim of better product in comparison to rival product can only be displayed in the market place. This is nothing but puffing one's products which can give no cause of action to a competitor. Moreover, courts are not the appropriate forum to resolve the differences of opinion regarding quality of products of the parties. The appellant has not come to the court with clean hands. Appellant in fact has been indulging in the same advertisement war, therefore, is not entitled to any equitable relief. The appellant has in fact been protected by the learned Single Judge vide the impugned order thereby asking the respondent to furnish undertaking that in case appellants succeed it can recover damages from the respondents. Supreme Court in the case of *Gujarat Bottling Co. Ltd. v. The Coca Cola Co.*, has observed that while considering the grant of temporary injunction the Court should beside other consideration, must also look to the conduct of the party invoking the jurisdiction. That the conduct of the party seeking the relief should be free from blame which in this case is not. Dr. A.M. Singhvi, Sr. Advocate contended that calling a drink as "Bachhonwali" i.e. meant for children cannot amount to denigrating the product of the appellant. Calling it children's drink does not mean it is bad, harmful or inferior drink. Therefore, to say it is children drink or it is sweet would not amount to disparagement. It only conveys that "PAPPI" is sweet and sweet things are not preferred by grown up. It is only meant to puffing the respondents product.

16. After analysing the submissions made by the counsel for the parties the picture which emerges can be summed up thus; it is now a settled law that mere puffing of goods is not actionable. Tradesman can say his goods are best or better. But by comparison the tradesman cannot slander nor defame the goods of the competitor nor can call it bad or inferior. It has been so held in the following cases: (i) *Hindustan Lever v. Colgate Palmolive (I) Ltd.*; (ii) *Reckitt & Colman of India Ltd. v. M.P. Ramchandran*. [1999 PTC (19) 741]; (iii) *Reckitt & Colman of India v. Kiwi TTK Ltd.* [1996 PTC (16) 393].

17. By calling the Cola drink of the appellants "Yen Bacchon Wali Hai. Bacchon Ko Yeh Pasand Aayegi", "Wrong Choice Baby", the respondents depicted the commercial in a derogatory and mocking manner. It can't be called puffing up. Repeatedly telecasting this commercial will leave an impression on the mind of the viewers that product of the appellant i.e. "PEPSI" is simply a sweet thing not meant for grown up or growing children. If they choose PEPSI, it would be a wrong choice. The message is that kids who want to grow should not drink "PEPSI". They should grow up with "Thums Up". The manner in which this message is conveyed does show disparagement of the appellant's product.

18. In one of the commercial the lead actor appears on the screen and asks two boys to come on the stage and point out their favourite drink. One of the boys indicated his preference by mouthing of the word "PEPSI". He was asked by the lead actor to taste the drink from both the bottles which were covered by the glasses. After taking a sip from each of the bottle, that boy gave preference of one over the other. When the reason for the preference was asked, the boy tells that one of them is a sweet drink meant for children and uses the word "Yen Meethi hein. Bachhon Ko Meethi Pasand Ahi" "Yen Bachhon wali hei" (it is sweet, children like sweets. It is meant for children). The moment it is said, the lid is lifted up by lead Actor from the bottles. The drink which the boy says "Bachhon wali" meant for children, on that it is written "PAPPI". The other bottle is of Thums Up. The comparison is in fact between Pepsi and "Thums Up". It can be seen from the fact that the bottle named as PAPPI is shown to certain Cola of Cola colour. The logo used in the commercial on that bottle consists of circular device and red & blue colour along with the word PAPPI written underneath. That the respondent depicted the bottle with the mark "PAPPI" and the global device on it is a clear insinuation that the respondent is showing the product of the appellant i.e. PEPSI meant for children only. Though the actor mouthed the word "PEPSI" in a mute form yet from lip movement one can say he was uttering the word "PEPSI". It is an admitted case of the parties that there are only three Colas having Cola colour namely PEPSI, COCA COLA and THUMS UP, There is no other drink having Coia colour. The bottle of "PAPPI" which the advertiser showed has Cola colour, it is compared with "THUMS UP" which is owned by the respondents, who are also the manufacturer of "COCA COLA". Therefore, it cannot be said that the insinuation was against any other Cola other than "PEPSI COLA". The description of the bottle though with the name of "PAPPI" fits to be that of "PEPSI COLA". It cannot be said that the respondents were not comparing their product "THUMS UP" with "PEPSI COLA". As said by Justice Barin Ghosh in the case of *Reckitt & Colman of India Ltd.* (Supra) that one can boast about technological superiority of his products and while doing so can also compare the advantages of his product with those which are available in the market. He can also boast about the relative advantages of his own product over the other products available in the market. He can also say that the technology of the products available in the market has become old or obsolete. He can further add that the new technology available to him is far more superior to the known technology, but he cannot say that the known technology is bad and harmful or that the product made with the known technology is inferior. In the present case while comparing "THUMS UP" with PAPPI i.e. PEPSI, the respondents have tried to project to the customers that the appellants' product is not meant for adults or for grown-up children. "Young and growing children would not like PEPSI as it is sweet meant for children. Hence, of inferior quality. This by no stretch of

imagination can be called a mere comparison or boasting of the superior technology of respondents. Rather this shows the product of the appellants in poor state and of inferior quality. No doubt by saying that it is a drink meant for children as such may not denigrate appellants' product but the manner in which the boy felt embarrassed when he is told that the drink for which he gave preference was not meant for grown up and strong children depicts the product of the appellant in low estimation and of less worth. It is nothing but denigrating the product of the appellants. The expression on the face of the boy indicates that being grown up he must not have given preference for PEPSI. The manner in which the commercial is shown and the way the actor puts his hands on his head feeling embarrassed is nothing but disparaging the products of the appellant. To say that a particular drink is "Bachhon Wali Drink" is one thing but to ridicule the preference for Pepsi by action showing the boy feeling embarrassed after knowing his preference conveys a very serious message particularly when the lead actor says "wrong choice baby". This is a clear indication that the product of the appellants is inferior. The observation of the learned Single Judge that this comparison whereby Thums Up has been stated to be a drink for grown up is poking fun, to our mind, is not a proper appreciation of the commercial. Puffing does not mean one should denigrate the product of the competitor.

19. Admittedly puffing one's product by comparing others' goods and saying his goods are better is not an actionable claim but when puffing or poking fun amount to denigrate the goods of the competitor, it is actionable. Calcutta High Court in the case of *Reckitt & Colman of India Ltd. v. M.P. Ramchandran* [1999 PTC (19) 741] while dealing with the question of disparagement, laid down the principles which the court should look into while granting the injunction. One of the principles is that the Court has to look at whether the advertisement or the commercial, as the case may be, merely puff the product of the advertiser or in the garb of doing so directly or indirectly contends that the product of the other trader is inferior. In the present case in the garb of puffing up its product i.e. "Thums Up" prima facie respondents have tried to depict the product of the appellant as inferior.

20. On the other hand, contentions of the counsel for the respondents that merely calling PEPSI COLA a sweet drink or "bacchon wala hein" by itself does not in any way indicate that respondent hinted appellant's product as inferior. The products which are liked by children do not become inferior or harmful nor by saying so respondents denigrated or disparaged the product of the appellant.

21. There is no doubt that comparison is permissible so long it does not undervalue the product of the rival. In the commercials shown by respondent and as quoted above children are made to understand that young people don't drink sweet Cola. It is not an indication of superiority in technology of respondent's drink but showing inferior quality of the appellant's product as if "PEPSI COLA" is not liked by the young people or that it is meant only for children, therefore, the choice of the Boy for Pepsi is said to be a wrong choice. By projecting so the respondent through the lead actor conveys in a sophisticated way that the product of the appellant is rubbish.

22. The court in the case of *Reckitt & Colman of India v. Kiwi TTK LTD.* [1996 PTC (16) 393] while applying the principles laid down in the earlier case of *Reckitt & Colman of India v. M.P. Ramachandran* held that the comparative advertising is permissible, however, a

promoter of product is not entitled to defame the goods of its competitor. It is opined that "the Courts will injunct the defendant from publishing or circulating an article if the dominant purpose is to injure the reputation of the plaintiff." In the present case Mr. Kabil Sibal, Sr. Advocate's contention that the intention of the respondents is to show to the public at large through the electronic media that appellants' product i.e. "PEPSI COLA" has a limited appeal and that too among the children, it amounts to disparaging the "PEPSI COLA". The way the lead actor after seeing the expression of the boy say "wrong choice baby" speaks slightly of the product of the appellant. The strict liability status Mr. Kapil Sibal contended comes into play if there is infringement of appellant's right as in this case the appellants have been able to establish the legal right which has been infringed, therefore, there is no question of going to the market place for fighting the commercial war as suggested by respondents. Dr. AM. Singhvi's contention that the conduct of the appellant is such which would disentitle it to any discretionary relief or that the appellant has not come to the court with clean hands. The war of advertisement against each other's products is going on but that does not entitle the respondents to contend nor can be permitted to plead the past conduct as a good defense to denigrate the product of the appellant nor the market place is a suitable substitute for injunction.

23. The next question for consideration is about infringement of copyright in literary work of the appellant namely the phrase "Yeh Dil Maange More". According to appellants the ownership and copyright of the slogan "Yeh Dil Maange More" vest with them. Appellants got the copyright of this slogan registered in July, 1999. It attained distinctive character. This work has been exclusively associated with the appellant and has a connection with the product of the appellant. It is fully evocative of appellant's work and business. To support his contentions, Mr. Kapil Sibal relied on following decisions (i) *State of A.P. v. Nagoti Venkataraman* [1996 (16) PTC 634 (SC)]; (ii) *MacMillan & Co. Ltd. v. K & J Cooper* [1924 PC 75]; (iii) *Dr. Pepper & Co. v. Sambo's Restaurants* [517 F. Supp. 1202]; (iv) *Kleier Advertising Agency v. Premier Pontiac* [2 USPQ 2 d 1152]; (v) *McCarthy on Trade Mark & Unfair Competition*, 3rd Edition 6-38 to 6-38.1.

24. Relying on these decisions Mr. Kapil Sibal contended that even a portion of a song which is a part of the copyright work is also protected as a literary work. Relying on Nimmer on Copyright Vol-1 1996 para 2.05p. Mr. Kapil Sibal contended that the slogan "Yeh Dil Maange More" is a literary work hence copyrightable. The finding of the learned Single Judge that there is no copyright in "Yeh Dil Maange More" would mean that no company can exercise its rights on tests advertising theme. Hence, finding of the learned Single Judge are not only contrary to the statutory rights of the appellants but also against the provisions of Copyright Act. The advertising catch phrases are entitled to copyright protection. It is the original work of the appellant and, therefore, protect the advertising theme of the same. To popularise this copyright work i.e. "Yeh Dil Maange More" the appellant has spent enormous amount on this advertising theme. "Yeh Dil Maange More" is a successful theme in India of the appellant. The judgments relied by respondent namely *Sinanida v. La Maison Kosmeo* [139 The Law Times 365]; and *Kirk v. J & R Fleming Limited* [1929 Ch. D. 44] are distinguishable on facts. In the case of Sinanida (Supra) plaintiff had copied already existing slogan, hence it was held that it was not original literary work of the plaintiff. Court further held that when "slogan" consists of an original composition in four lines of verse, in which there may be copyright, and the same

may be said of an original composition in prose. In the case of Kirk (Supra) relying Sinanida's case, the Court observed that when a sentence is proved to have been in common use then it is not copyrightable nor can be protected. These cases are distinguishable because the slogan of the appellant is not a common place phrase. It is original combination of words from two different languages thereby conveying the theme of the advertising. It has acquired distinctiveness and association with the product of the appellant.

25. Similarly the GLOBE DEVICE is a registered trade mark of the appellant. By showing GLOBE DEVICE of the colour scheme on the bottle on which word "PAPPI" is written and then saying "Yeh Dil Maange No More". Mr. Kapil Sibal said such use of a registered trade mark in comparative advertising constitutes infringement of registered trade mark in terms of Section 29(1) of the Trade and Merchandise Marks Act, 1958. The effect of permitting the use of the Globe Device which is a registered trade mark of "PEPSI" to any other manufacturer for its product or for comparison would take away the statutory rights of the appellants. Non protection against such infringement would lead to drastic consequences and would be contrary to the basic tenets of Copyright law which have repeatedly been affirmed by the highest court of this country.

26. Countering these arguments Mr. Iqbal Chhagla said that registration of copyright does not create any statutory right. It only shows existence of copyright and nothing more. Copyright can be rebutted and challenged. To support this contention he placed reliance on the following decisions (i) *Satsang and v. Kiron Chandra*; (ii) *Manojab Cine Productions v. A. Sundaresan* [AIR 1976 Mad. 22]; (iii) *Nav Sahitya Prakash v. Anand Kumar*; (iv) *Camlin (P) Ltd. v. National Pencil Industries* [2nd 1985 (II) Delhi 813 : 1986 (6) PTC 1 (Del)]. Moreover, stringing together of various common place words cannot be the subject matter of copyright. The definition of literary work in Section 2(o) of the copyright entails that a literary work has to be unique or original and not merely formation of some ordinary words into a phrase. For this argument he placed reliance on the decision in the case of *Glaxo Operations U.K. Ltd. Middlesex (England) v. Samrat Pharmaceutical Ltd., Kanpur*.

27. The infringement of trade mark under Section 29(1) of the Act of 1958 in India is not based on the law in England as provided under Section 4(1)(b) of the 1938 Act. The 1938 Act changed the law in England to constitute the use of a trade mark of a rival trader for the purpose of comparison as infringement as held in *Bismag Ltd. v. Amblins (Chemists) Ltd.* [(1940) 2 ALL E.R. 608]. The law recognised in India under the Act of 1958 is as laid down in *Irving's Yeast Vite Ltd. v. FA Horse-nail* [(1934) 51 RPC 110] and not as laid down in bids mag's case (Supra). Section 29 of the Act of 1958 has omitted the provision of Clause (b) Section 21 of the 1940 Act which in turn was based on Section 4(1)(b) of the 1938 Act in England. Hence in view of the law laid down in India comparative advertising is permissible and the infringement occurs only when the registered mark is used by the rival for the purpose of indicating the origin of the goods as being his.

28. From the analysis of the arguments advanced by the counsel for the parties it becomes clear that in terms of Section 29(1) of the Act infringement would occur if appellant's mark had been used in the course of trade. Section 29(1) of the Act which is reproduced as under requires

the usage in the course of trade of a mark which is identical with or deceptively similar to the trade mark of the appellant.

"29. Infringement of registered trade marks -

(1) A registered trade mark is infringed by a person who, not being a registered proprietor or a person using by way of permitted use, uses in the course of trade, a mark which is identical with, or deceptively similar to, the trade mark in relation to goods or services in respect of which the trade mark is registered and in such manner as to render the use of the mark likely to be taken as being used as a trade mark."

29. Usage should be in relation to the goods of the appellant and in such a manner rendering the use of mark likely to be taken as being used as a trade mark by the respondent. That is not even the case of the appellant. It is nowhere alleged by the appellant that respondents have used the globe device of the appellants for its products nor passed on its products under the Trade Mark or globe device of the appellant. We find force in the submission of Mr. Iqbal Chhagla that the impugned advertisement neither uses the trade mark of the appellants in the course of trade nor in any manner suggest the connection of appellants trade mark with respondent's goods. Moreover comparative advertising is permissible as held by this Court in **Reckitt & Coleman v. Kiwi TTK Ltd.** subject to the rider that it does not denigrate the product of the appellant. Therefore, the contention of the appellant that the use of its trade mark for comparative advertising is ipso facto infringement of the appellants trade mark prima facie has no substance. In support reliance can be placed on the following decisions; (i) **Kaviraj Pandit Durga Dutt Sharma v. Navratn Pharmaceutical Laboratories**; (ii) **Ruston and Hornby Ltd. v. Zamindara Engineering Co.**; (iii) **Cadila Health Care Ltd. v. Cadila Pharmaceuticals Ltd.**, decided on 8th November, 2000. If a trader compares his goods with the goods of a rival without in any way advertising that the trade mark is used in relation to his goods, there is prima facie no infringement. Even otherwise this is only a prima facie view and if ultimately after trial court comes to any other view then the appellants can be compensated as rightly observed by the learned Single Judge. Similarly use of the phrase in the commercial advertisement "Yen Dil Maange No More" can at best be mocking or parodying in the context it is used but does not amount to infringement of trademark of the appellant. Respondent did not use the slogan of the appellant for its products. Hence on this court also we find no ground to interfere with the order of the learned Single Judge.

30. Turning to the submission of the appellant on roller coaster commercial having been copied by the respondent and amounting to infringing the copyright, in order to appreciate the same, we may have a glance to the provision of Section 14 of the Copyright Act, which is reproduced as under :-

"14. Meaning of the copyright

For the purpose of this Act, "copyright" means the exclusive right subject to the provisions of this Act, to do or authorise the doing of any of the following acts in respect of a work or any substantial part thereof, namely:-

(a)... (b)... (c) ...

(d) In case of a cinematograph film,-

- (i) to make a copy of the film including a photograph of any image forming part thereof;
- (ii) to sell or give on hire or offer for sale or hire, any copy of the film, regardless of whether such copy has been sold or given on hire on earlier occasions;
- (iii) to communicate the film to the public...."

31. Mr. Kapil Sibal basing his submission on Section 14 contended that the copy can either be of the whole work or of substantial part of the work. In this commercial i.e. of roller coaster, the respondents have completely copied essential elements of the appellant's advertisement. The entire theme of the advertisement is identical and even the sequence of events are identical. The copying of the elements of the appellant's cinematographic film by the respondent in their commercial constitutes infringement. To support his contention he placed reliance on the decision of Supreme Court in the case of *R.G. Anand v. Deluxe Film*, wherein the Apex Court observed that;

"Thus, the fundamental fact which has to be determined where a charge of violation of the copyright is made by the plaintiff against the defendant is to determine whether or not the defendant not only adopted the idea of the copyrighted work but has also adopted the manner, arrangement, situation to situation, scene to scene with minor changes or super-additions or embellishment here and there. Indeed, if on a perusal of the copyrighted work the defendant's work appear to be a transport rephrasing or a copy of a substantial and material part of the original, the charge of palagiarism must stand proved..."

32. Mr. Kapil Sibal contended that the respondents are misconstruing the provisions of Section 14 of the Copyright Act to justify their conduct. They cannot be allowed to take shelter to justify their unjustifiable conduct. To support his contentions he placed reliance on the decision in the case of *AGL Sydney v. Shortline Country Council* [17 IPR 199], which according to him is on all fours applicable to the facts of this case. Since the substantial portion of the commercial of the appellant was copied and communicated to the public by the respondent barring the last portion, it amounts to infringement. That the Roller Coaster commercial is a cinematograph film as defined in Section 2(f) of the Copyright Act hence the use of all the elements of the appellant's commercial for promoting their product violates and infringes the copyright of the appellant under Sections 51 & 52(A) of the Act. Mr. Sibal further contended that use of the appellant's commercial cannot constitute "fair use" nor can it be called parody on appellant's commercial. For this purpose he placed reliance on the following cases; (i) *C. Cunniah & Co. v. Balraj & Co.* [AIR 1961 Mad. 111], (ii) *AGL Sydney v. Shortline Country Council* [17 IPR 199], (iii) *R & C Products PTY Ltd. v. S.C. Johnson & Sons* [26 IPR 98]. In all these cases it was observed that if the advertisement or get-up has acquired a special signification then the adoption of elements of that advertisement or get up by other trade may give rise to a misrepresentation and hence injunction should be granted. It was further observed that in deciding whether defendant's work was taken from plaintiff's work there need not be an exact reproduction to support the inference that the defendant's work was taken from the plaintiff's work. A copy is that which comes so near to the original as to suggest the original to the mind of every person seeing it. Therefore, Mr. Kapil Sibal contended that in campaigning the commercial of roller coaster the appellants spent lot of money and it has acquired a special

significance and has been associated with the product of the appellant. That life of a campaign or commercial is shell life. It lasts hardly for a year or so. Hence if the interim injunction is not granted against the use of the commercial by the respondents, it will have far reaching consequences. The purpose for which the campaign was launched by the appellant will get defeated and lost. Copying of the entire theme of the advertisement cannot be called competitive advertisement. The loss which appellant will suffer cannot be adequately compensated by money.

34. Countering these arguments Mr. Iqbal Chhagla contended that Section 14 of the Act envisages that copying of the cinematographic film must be identical in all respects and since the roller coaster commercial of the respondents is not a copy of the advertisement of the appellant, therefore, the provisions of Section 14 of the Act are not applicable to the facts of this case.

35. We were shown the commercial of roller coaster during the proceedings by both parties. By seeing the same an impression which one gathers is that roller coaster of the respondent is a copy of the theme of the roller coaster of the appellant. The roller coaster commercial of the appellant is an original work of the appellant, therefore, covered under Section 14 of the Act. Not only the presence of roller coaster is replica of the appellant's commercial but even the dress of the boys is also similar. Relying on the observation of Apex Court in the case of **R.G. Anand v. Delux Films**, it can prima facie be concluded that the roller coaster commercial of the respondent is nothing but a literal imitation of the copyright work of the appellant with some variations here and there. Having said so we would be failing in our duty by not restraining the respondents from showing its roller coaster commercial in the present form.

From the above analysis, we partly accept the appeal and restrain the respondent only in respect of showing the commercials annexed with the plaint as Annexures-A, B, C and D and also the commercial of roller coaster in the present form. Only prima facie view has been expressed, therefore, any observation made hereinabove will have no bearing on the merits of the case.

* * * * *

Dabur India Limited v. Colgate Palmolive India Ltd.

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MUKUL MUDGAL, J. - Trade rivalries which lead to advertisements in which the product of an advertiser is extolled and the rival product deprecated have led to this suit by the plaintiff Dabur India Ltd. who makes Dabur Lal Dant Manjan Powder, against the defendant Colgate Palmolive India Ltd. who manufacture Colgate tooth powder. This suit and this application for interim injunction is occasioned by an advertisement aired on the visual media by the defendant. The sum and substance of the TV advertisement complained of is that a Cinestar Sunil Shetty is seen stopping the purchasers of Lal Dant Manjan powders. He further inform them of the ill effects of such Lal Dant Manjan by rubbing it on the purchaser's spectacles which leave marks which are termed by Sunil Shetty as being akin to sandpapering. He also endorses the defendant Colgate's tooth powder as being 16 times less abrasive and non damaging to the spectacles. He is heard telling the purchaser that it is easy to change spectacles but not the teeth.

2. The plaintiff's claim as per the pleas of Shri Arun Jaitley, Senior Advocate is that :-

(a) The impugned advertisement runs down all Lal Dant Manjan tooth powders as severely detrimental to dental health and in particular damaging the tooth enamel.

(b) The plaintiff has the lion's share 80% of the Ayurvedic tooth powder trade and is directly hit by this advertisement as the principal producer, by the denigration of the generic product Lal Dant Manjan. It has a turnover of about Rs. 150 cores for the Lal Dant Manjan tooth powder and its advertising budget for the said product is about Rs. 4 crores. In any event the defendants' advertisement affect the plaintiff the most and hence it is entitled to ventilate its grievances. While the advertisement does not directly refer to Dabur Dant Manjan, i.e. the plaintiff's product, the visual representation in the offending advertisement leaves no manner of doubt as the product being referred to being, Lal Dant Manjan manufactured and marketed by the plaintiff's.

(c) The position of law in respect of disparaging advertisements of rival products is well settled by two judgments of the learned Single Judges of this Court reported in 1996 PTC (16) 393 *Reckitt & Coleman v. Kiwi T.T.K. Ltd.* and in IA No. 2124/2004 in CS(OS) 453 of 2004 dated 28th May, 2004 in *Dabur India v. Emami*. The said position of law is as under:-

I. A tradesman is entitled to declare his goods to be best in the words even though the declaration is untrue.

II. He can also say that my goods are better than his competitors, even though such statement is untrue.

III. For the purpose of saying that his goods are the best in the world of his goods are better than his competitors he can even compare the advantages of his goods over the goods of the others.

IV. He, however, cannot while saying his goods are better than his competitors, say that his competitors, goods are bad. If he says so, he really slanders the goods of

his competitors. In other words he defames his competitors and their goods, which is not permissible.

V. If there is no defamation, to the goods or to the manufacturer of such goods no action lies, but if there is such defamation, an action lies and if an action lies for recovery of damages for defamation, then the court is also competent to grant an order of injunction restraining repetition of such defamation.

(d) The use generally/specifically of the plaintiff's product for a comparison with the rival product of the plaintiff amounts to violation of the Intellectual Property Rights of the plaintiff.

(e) In any event Section 29(8)(a) & (c) of the Trade Marks Act, 1999 (hereinafter referred to as the Act) does not permit the infringement of a registered trade mark such as the plaintiff by the defendant by an advertisement contrary to honest practices in industrial or commercial matters and is also against the reputation of the registered trade mark of the plaintiff. section 29(8)(a)&(c) of the act read as follows:-

"29. Infringement of registered trade marks -

(8) A registered trade mark is infringed by any advertising of that trade mark if such advertising -

(a) takes unfair advantage of and is contrary to honest practices in industrial or commercial matters; or

(b)

(c) is against the reputation of the trade mark.

Such violation of Section 28(a) & (c) tantamounts to infringement of a registered trade mark.

(f) Even Colgate Palmolive, the defendant had secured an interim injunction in respect of an advertisement which was detrimental to the reputation of their product in the MRTP Commission and such injunction was upheld by the Supreme Court by a judgment reported as ***Hindustan Lever v. Colgate Palmolive (I) Ltd***, 1998 (1) SCC 720.

(g) The DB judgment in appeal against the order passed in IA No. 996/96 in Suit No. 292/96, titled ***Reckitt & Colman of India Ltd. v. Kiwi T.T.K. Ltd.***, which had prima facie held that even the right to freedom of speech which included commercial work also as per the law laid down by the Supreme Court judgment in Tata Press also could be restricted reasonably under Article 19(2).

3. Mr. Rohtagi, the learned senior counsel for the defendant has contended that:

(a) The advertisement does not identify and refer to the plaintiff's product

(b) It is open to the defendant while praising its own product to point out the defects/deficiencies in the rival product.

(c) The defendant justifies such criticism as it is based on studies conducted in the United States of America which found such Lal Dant Manjan tooth powder to damage tooth

enamel which were affirmed by two dentists of repute. Reliance was placed on a study comprising the particle sizes of white and red tooth powder

(d) Section 36(A)(i)(x) of the MRTP Act which deals with unfair practice is the appropriate enactment to deal with the complaint of the plaintiff

(e) The mark of the plaintiff is not registered and therefore it cannot claim benefit of Section 29(8) which only provides the protection to a registered trade mark

(f) In any case the defendant is prepared to drop the red container/bottle which according to the plaintiff identifies its product.

(g) Since the defendant was ready to back up their claim made in the advertisement by the virtue of studies got done by it, the only remedy left to the plaintiff was to claim damages as there is neither prima facie case nor balance of convenience in its favor nor irreparable injury likely to be caused to the plaintiff.

(h) He has further relied upon the judgment of Supreme Court in *Cadila* case reported as 2001 (5) SCC 74 @ para 17 and 87 to contend that the burden of proof is higher in trade mark cases and there has to be very strong case in comparative strength evaluation justifying an injunction.

(i) In so far as the balance of convenience is concerned, it is in favor of the defendant as it has the right to disclose to the public the injury being caused by deleterious products

(j) As far as prima facie case is concerned he submitted that the comparative strength of the two versions does not justify the grant of an injunction particularly when there is no denial in the plaint that the assertions in the advertisement are wrong.

(k) Mr. Rohtagi further submitted that since the plaintiff has not doubted the authenticity of the studies and not denied the result of the studies, it cannot claim injunction particularly when the plaintiff is prepared to withdraw the red bottle from its campaign. He further submitted that in any event the generic description cannot give rise to a cause of action to one of the identified producers to complain. For this purposes, he has further relied upon the meaning of the word 'disparage' from *Black's Law Dictionary* which reads as follows:-

"disparage (*di-spar-ij*), *vb.* *L. Hist.* To connect unequally (*e.g., to marry below one's status*). 2. To dishonor (*something or someone*) by comparison. 3. To unjustly discredit or detract from the reputation of (*another's property, product or business*).

Disparagement (*di-spar-ij-ment*), *n.* A false and injurious statement that discredits or detracts from the reputation of another's property, product, or business."

(l) He has highlighted the fact that the statement made by him was not false. He has also relied on the following observation from *Salmond on Torts (20th Edition)*

"The tort requires the making of a false statement, with "malice," to some person other than the plaintiff, as a result of which the plaintiff suffers damage."

"A statement by one trader that his goods are superior to those of a rival (mere "puffing"), even if it is false and known to be so and causes damage to the other is not

actionable, for courts of law cannot be converted into advertising agencies for trying the relative merits of rival productions. However, this "privilege" is confined to those imprecise commendations which are a common part of advertising and to which a reasonable person does not attach very much importance. Accordingly, if the defendant chooses to frame his comparison in the form of scientific tests or other statements of ascertainable fact, he will be liable if they are proved untrue."

(m) Reliance has also been placed on observations of *Carter-Ruck on Libel and Slander* in the following passages:-

"In an action for slander of goods the false statement must disparage the goods of the plaintiff. It is important to distinguish in this class of case between a statement which merely disparages goods and a statement which disparages a trader as well as his goods and therefore really constitutes a libel. If the disparagement is directed to the plaintiff's good only, no action for libel will lie. In *Griffiths v. Benn*, Cozens Hardy MR said:

"To disparage a trader's goods which is often (though inaccurately) spoken of as a trade libel, does not give grounds for an action of libel, although, if special damage is proved, the plaintiff may recover in an action on the case. On the other hand, the words used, though directly disparaging goods, may also impute such carelessness, misconduct, or want of skill, in the conduct of his business by the trader as to justify an action of libel."

In considering any statement alleged to amount to a slander of goods it is necessary to distinguish what may constitute a false statement about another's goods and that which may merely amount to what is generally referred to as a 'trader's puff, that is mere exaggeration about the qualities of one's own goods."

(n) Reliance has also been placed on the English judgment in *Eastwood v. Holmes*, where it has been held as follows:-

"Willes, J. - The action cannot be maintained. Assuming the article to be libellous, it is not a libel on the plaintiff: it only reflects on a class of persons dealing in such objects; and it is immaterial in this view whether they are genuine or not. If a man wrote that all lawyers were thieves, no particular lawyer could sue him unless there is something to point to the particular individual, which [350] there is not there. There is nothing to show that the article was inserted with any special reference to the plaintiff. It does not appear that the defendant knew of his existence.

But further, I am of opinion that this is no libel, for that it is protected by the privilege of fair discussion on a matter of public interest, it is not appearing that it was malicious."

(o) Reliance has also been placed on the English judgment in *Bastobell Paints Limited v. BIGG*, where it has been held as follows:-

"Held, refusing the injunction, (1) in the interests of freedom of speech, the courts will not restrain the publication of a defamatory statement, whether a trade libel or a

personal one, where the defendant says he is going to justify it at the trial of the action, except in cases where the statement is obviously untruthful and libellous."

(p) He has also relied on the judgment of a learned Single Judge in *Reckitt & Colman of India Ltd. v. Kiwi T.T.K. Ltd.* [1996 PTC 393], to contend that once identity of the plaintiff's goods were not to be traced, then no complaint could be made by the plaintiff and an injunction could not be granted.

4. In my view the following facts are not in dispute.

(a) That the advertisement of the defendant does run down Lal Dant Manjan Powder as damaging to the tooth enamel and indeed in the reply it is stated that the advertisement is directed against the Lal Dant Manjan Powder.

(b) The plaintiff has the larger share of 80% of the Ayurvedic tooth powder market (excluding white tooth powders) of this product countrywide

5. In so far as the plea relating to Section 29(8) is concerned. Mr. Jaitely has not pressed it in view of the fact that he was not able to show that the mark is registered.

6. In the rejoinder, the plaintiff also filed studies to support its case. Both the parties are thus seeking to rely upon studies in their favor to bolster the cases in their favour. For the purposes of this application, I am disregarding the studies/reports of experts sought to be relied upon by either counsel.

7. In my view, as far as the first plea of Shri Rohtagi appearing for the defendant is concerned about there being no assertion in the plaint that the claims in the advertisement are false, the averments in paras 5, 10 and 12 and particular paras 15 & 16 of the plaint are sufficient to demonstrate that the plaintiff has termed the advertisement campaign of the defendant as dubious and deceptive and indeed without any logical or rational basis besides being factually incorrect. It is true that the study relied upon by the defendant has not been adversely commented upon in the plaint but there was no occasion to do so as the advertisement complained of does not refer to the study relied upon. Thus the plea of Shri Rohtagi that the plaintiff has not disputed the contents of the advertisement cannot be sustained.

8. Mr. Jaitely has dealt jointly with the second contention of the defendant relating to truth being a defense in an action for disparagement/slander and the third plea that general criticism of product cannot give rise to a cause of action to the plaintiff, whose product is not identified, particularly when the red container depicted in the advertisement has been offered to be dropped. He has submitted that the legal position is well settled in respect of generic disparagement. The following passages relied by him in *Reckitt & Colman of India Ltd. v. M.P. Ramachandran.* [1999 PTC (19) 741], a judgment of the learned Single Judge of this Court, are relevant:

"Therefore, in a suit of this nature one has to look at whether the advertisement merely puffed the product of the advertisement advertiser or in the garb of doing the same directly or indirectly contended that the product of the other trader is inferior. There cannot be any dispute that in the concerned advertisements blue was stated to be

of inferior quality. Although, for having depicted the container and the price in the advertisement together it is difficult to proceed on the basis that the defendant No. 1 was not referring to Robin Blue, but assuming in the advertisement insinuations are not made against Robin Blue and the same were directed to all blues as has been stated is no uncertain terms in the affidavits, can it be said that it was not made against Robin Blue. The answer is a definite 'no', because Robin Blue is also blue.

It was sought to be contended that insinuations against all are permissible though the same may not be permissible against one particular individual. I do not accept the same for the simple reason that while saying all are bad it was being said all and everyone is made and anyone titting the description of everyone is affected thereby."

The judgment of a Single Judge of this Court in **Dabur India Limited v. Emami Limited** in IA No. 2124/2004 in CS(OS) No. 433/2004 has also been relied upon. The following passages are relevant:

"In my considered opinion, even if there be no direct reference to the product of the Plaintiff and only a reference is made to the entire class of Chayawanprash in its generic sense, even in those circumstances disparagement is possible. There is insinuation against user of chayawanprash during the summer months, in the advertisement in question, for Dabur Chayawanprash is also a Chayawanprash as against which disparagement is made. To the same effect is the judgment of Calcutta High Court in **Reckitt & Colman of India Limited v. M.P. Ramachandran**."

9. In my considered opinion, when the Defendant is propagating in the advertisement that there should be no consumption of Chayawanprash during the summer months, it is also propagating that the Plaintiff's Chayawanprash should not also be taken during the summer months as it is not good for health and instead Amritprash, which is the Defendant's product, should be taken. Such an advertisement is clearly disparaging to the product of the Plaintiff as there is an element of insinuation present in the said advertisement."

Reliance has also been placed on judgment in **Pepsi Co. Inc. v. Hindustan Coca Cola Ltd.**, 2003 (27) PTC 305 (Del)(DB) . The following passages are relevant:

"16. After analysing the submissions made by the counsel for the parties, the picture which emerges can be summed up thus; it is now a settled law that mere puffing of goods is not actionable. Tradesman can say his goods are best or better. But by comparison the tradesman cannot slander nor defame the goods of the competitor nor can call it bad or inferior. It has been so held in the following cases: (i) **Hindustan Lever v. Colgate Palmolive (I) Ltd**, [1998 (1) SCC 720]; (ii) **Reckitt & Colman of India Ltd. v. M.P. Ramachandran** [1999 PTC (19) 741]; (iii) **Reckitt & Colman of India v. Kiwi TTK Ltd** [1996 PTC (16) 393].

17. By calling the Cola drink of the appellants "Yeh Bachhon Wali Hai, Bachon Ko Yeh Pasand Aayegi". "Wrong Choice Baby", the respondents depicted the commercial in a derogatory and mocking manner. It can't be called puffing up. Repeatedly telecasting this commercial will leave an impression on the mind of the viewers that product of the appellant i.e. "PEPSI" is simply a sweet thing nor meant

for grown up or growing children. If they choose PEPSI, it would be a wrong choice. The message is that kids who want to grow should not drink "PEPSI". They should grow up with "Thums UP". The manner in which this message is conveyed does show disparagement of the appellant's product."

Reliance was also placed upon paragraph 16 of *Wander Ltd. v. Antox India P. Ltd.*, [1990 SUPP. SCC 727] which reads as under:-

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

"Unfair trading as a wrong actionable at the suit of other traders who thereby suffer loss of business or goodwill may take a variety of forms, to some of which separate labels have become attached in English law. Conspiracy to injure a person in his trade or business is one, slander of goods another, but most protean is that which is generally and nowadays, perhaps misleadingly, described as "passing-off". The form that unfair trading takes will alter with the ways in which trade is carried on and business reputation and goodwill acquired. Emerson's maker of the better mousetrap if secluded in his house built in the woods would today be unlikely to find a path beaten to his door in the absence of a costly advertising campaign to acquaint the public with the excellence of his wares."

9. Without at this stage going into the controversy whether Lal Dant Manjan referred to in the advertisement is that of the plaintiff, the plaintiff is certainly entitled to complain as it is one of the largest producers of such tooth powder. Furthermore, the plea of Mr. Rohtagi that in order to praise its product it can describe as inferior and damaging the generic Lal Dant Manjan is not acceptable as it runs counter to the principles of law laid down in two judgments of learned Single Judges of this Court in *Reckitt Coleman* and *Dabur India* .

10. Prima facie, I am of the view that the offending advertisement is clearly covered by the fourth principle set out in the two judgments of Single Judges of this Court noted above. Slandering of a rival product as bad is not permissible. I respectfully agree with the views of the two Single Judges and indeed am bound by such decisions.

11. According to the counsel for the plaintiff, a learned Single Judge in *Dabur India* has followed the Calcutta High Court judgment in *Reckitt Coleman* and specifically held that a

generic disparagement would entitle even a plaintiff with 12% market share to complain and the present plaintiff with 80% share of the market of the decried generic product is thus entitle to impugn advertisements which disparage the generic product.

12. In my view the law relating to generic disparagement of a specified commodity and the entitlement of one of such unidentified manufacture of such decried product is settled by Dabur's judgment following the Reckitt Coleman judgment. The Dabur's judgment (supra) indeed in paragraph 9 refers specifically to and prescribes generic disparagement.

13. While Mr. Rohtagi is right in submitting that the generic disparagement was not to be found in the judgment of the learned Single Judge in *Reckitt & Coleman* case which was followed in *Dabur* case, yet I am of the view that the position of law about generic disparagement in *Dabur* case was not only justified but also warranted. Even if the ratio of the two learned Single Judge's judgments of this Court is considered to be only in respect of an identified product, in principle there is no reason why the manufacturer of a disparaged product, which though not identified by name, cannot complain of and seek to injunct such disparagement.

14. The meaning in Black's Law dictionary which defines disparagement as a false and injurious statement damaging the other parties' reputation does not help the defendant. The statement of law in Salmond on torts extracted above also does not come to the aid of the defendant as it permits puffing up. Similarly Carter Ruck on Libel and Slander is a statement of law differentiating the scope of slander and libel in English law. Even if the statement in Carter Ruck is accepted it permits trade libel though even there on special damages being proved damages are payable. Similarly the position of law in Bestobell paints may support the defendant's plea prima facie, but even in the said decision injunction could be granted for an obviously untruthful and a libelious statement.

15. However, rather than analyzing the effect of material relied upon as extracted in the above paragraph, my task is much simpler as the judgment of Dabur India in my view clearly covers the issue of generic disparagement of a rival trade product and applies to the present case.

16. Mr. Rohtagi had also referred to the defendant's additional affidavit an earlier and similar advertisement campaign by it which led to correspondence between the parties in 1998 when upon the defendant asserting that there was no disparagement of the Dabur Lal Dant Manjan powder, the plaintiff abandoned its stance. It was submitted that since similar issues inter alia involving reliance on the study now relied by the plaintiff in the rejoinder were raised in 1998, the plaintiff cannot now raise such issues again by relying upon such studies.

17. I am of the view that the 1998 advertisement campaign and the correspondence then exchanged does not have any material bearing on the present issue, because the complaint in the plaint is about a recent campaign run on the visual media and there cannot be estoppel or laches derivable from correspondence of the previous campaign of 1998.

18. I am also not dealing with the plea of the defendant that the action at best ought to have been taken under the MRTP Act by the defendant, in similar situation of disparaging

advertisements about rival products this Court has already laid down the law in **Reckitt Coleman and Dabur India Ltd.**

19. I am further of the view that generic disparagement of a rival product without specifically identifying or pin pointing the rival product is equally objectionable. Clever advertising can indeed hit a rival product without specifically referring to it. No one can disparage a class or genere of a product within which a complaining plaintiff falls and raise a defense that the plaintiff has not been specifically identified. In this context the plaintiff has rightly rejected the offer of the defendant to drop the container from its advertisement so as to avoid the averred identification of the plaintiff's product. I must also deal with a English judgment of Willes J relied upon the counsel for the defendant (for which no citation is indicated), the entire reasoning of which reads as under:-

"Willes, J. - The action cannot be maintained. Assuming the article to be libellous, it is not a libel on the plaintiff; it only reflects on a class of persons dealing in such objects; and it is immaterial in this view whether they are genuine or not. If a man wrote that all lawyers were thieves, no particular lawyer could sue him unless there is something to point to the particular individual, which [350] there is not there. There is nothing to show that the article was inserted with any special reference to the plaintiff. It does not appear that the defendant knew of his existence.

But further, I am of opinion that this is no libel, for that it is protected by the privilege of fair discussion on a matter of public interest, it is not appearing that it was malicious."

With the greatest respect to the reasons said to be contained in the above English judgment, I totally disagree with the view of Willes J. for the following reasons:

- (a) It deals with libel and not a commercial advertisement.
- (b) It contains no worthwhile reasons.
- (c) English Judgments are not binding on me particularly when **Dabur India** judgment of a learned Single Judge covers the issue.
- (d) It proceeds on the footing that the defendant was not aware of the plaintiff's existence.

20. The practice of undue obcissance to English jurisprudence without any thought to the merit and reasoning of such judicial wisdom should also be discouraged. When there is a judgment of Hon'ble Justice Dr. M.K. Sharma directly on the point of generic disparagement, I see no reason why one should travel westwards for seeking enlightenment. Similarly on the question of rival product disparagement the Division Bench of this Court in **Pepsi Co.** has also held that defamation of the product of a rival manufacturer cannot be done. Undeniably it is not the puffing up of the defendant's product i.e. the Colgate Tooth powder which can be found objectionable but the running down of a rival product which is the situation in the present case.

21. The advertisement campaign on the visual media has an immediate impact on the viewers and possible purchaser's mind particularly when a well known cinestars is endorsing it. The plaintiff has thus made out a prima facie case of comparative strength particularly when

the defendant does not deny that its campaign points out the deleterious effect of Lal Dant Manjan powder. The balance of convenience is also in the favor of the plaintiff as the effect of the advertisement aired cannot be repaired readily and easily. The averred right of the defendant to inform the purchasing public of the ill effects of the Lal Dant Manjan powder based on its commissioned study cannot tilt the balance of convenience in the favor of the defendant particularly when the plaintiff also seeks to rely upon studies commissioned by it to back up the merits of its product. Consequently, the non grant of an interim injunction would cause irreparable injury to the plaintiff not compensable in damages.

22. Consequently, the plaintiff is entitled to an injunction and accordingly the defendants are restrained from telecasting the TV commercial "Colgate Tooth Powder" as depicted in Annexure 'A' to the plaint.

23. The interim relief application stands disposed of accordingly

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DESIGNS

Bharat Glass Tube Limited v. Gopal Glass Works Limited

2008 (37) PTC 1 (SC)

A.K. MATHUR, J. - 2. This appeal is directed against the order dated 17.8.2005 passed by the Calcutta High Court whereby learned Single Judge has set aside the order passed by the Assistant Controller of Patents & Designs, Kolkata dated 20.9.2004 whereby the Assistant Controller has cancelled the registration of the respondent herein and held that there was no material on record to show that the design had previously been applied to glass sheets. It was also held by learned Single Judge that the order impugned considered with the materials on record, including in particular the computer print-outs clearly revealed that the respondent has only compared the pattern and/or configuration, considered the visual appeal thereof, but not the visual appeal of the pattern and/ or configuration on the article. In other words, the Assistant Controller has not considered the visual appeal of the finished product. The visual effect and/or appeal of a pattern embossed into glass sheets by use of embossing rollers could be different from the visual effect of the same pattern etched into glass sheets manually. This aspect was not considered. Aggrieved against this order passed by learned Single Judge, the present appeal has been filed by the appellant.

3. In order to appreciate the controversy involved in the present appeal, a few facts may be dilated here. The respondent herein claimed to carry on business inter alia of manufacture and marketing of figured and wired glass sheets since 1981. The respondent claimed to be the originator of new and original industrial designs, applied by mechanical process to glass sheets. According to the respondent, the glass sheets have eye catching shape, configuration, ornamental patters, get up and colour shades and the same were registered and/or were awaiting registration as industrial designs under the Designs Act, 2000 (hereinafter to be referred to as the Act of 2000) and the Rules framed thereunder. For production of glass sheets of the design registered as Design No.190336, two rollers are required. The rollers are manufactured by M/s. Dorn Bausch Gravuren GMBH of Germany (hereinafter to be referred as the German Company). According to the respondent the rollers are not only used for manufacture of glass sheets, but for various other articles including plastic, rexin and leather. The respondent placed an order on the German Company for supply of the rollers for launching a design of figured glass with new and novel features not produced before by anyone else. On or about 29.10.2002 the respondent applied to the Controller of Patents and Designs under Section 51 of the Act of 2000 for registration of the said design in Class 25-01. The said design was duly registered on 5.11.2002 and was to remain valid for a period of 10 years from the date of its registration. The respondent claimed the exclusive copyright in India on the said design applied to glass sheets. It was claimed that no other person has any right to apply the said design to glass sheets as the respondent has exclusive right over the said design on the glass sheets. The respondent marketed the glass sheets of the said design under the name of Diamond Square and that became popular amongst the customers soon after its launch in the market. After registration of the said design the respondent issued a notice on 21.5.2003 cautioning other manufactures from infringing copyright of the respondent in respect of the said registered design. But in the meanwhile the appellant and its associate IAG Co. Ltd started imitating the said registered

design, as a result thereof the respondent was constrained to file a suit being Civil Suit No.1 of 2004 against the appellant in the District Court of Mehsana. The respondent obtained a restraint order restraining IAG Co. Ltd. from infringing the copyright of the respondent against the said design. In order to counter-blast the suit, the appellant herein filed an application under Section 19 of the Act of 2000 before the Controller of Patents & Designs for cancellation of registration of Design No.190336 in the name of the respondent mainly on the ground that the design has already been previously published in India and abroad and on the ground that the design was not new or original. The appellant primarily relied on a catalogue of the German Company and letter dated 10.9.2003 of the German company addressed to M/s. IAG Co. Ltd. the holding company of the appellant stating that the said German Company had developed design No.2960-9010 in the year 1992 and the other evidence relied on by the appellant was a document downloaded from the internet from the official website of the Patent Office of the United Kingdom on 22.9.2004 which indicated that the same design had been registered in United Kingdom in the name of M/s.Vegla Vereinigte Glaswerke Gmbh sometime in 1992. As against this the respondent filed an affidavit stating that the German Company has been engaged in the manufacture of engraving rollers and no other goods and it was contended that the company was not engaged in manufacture of the goods other than engraving rollers. It was contended that the company never manufactured engraved glass sheets by using engraved rollers. The respondent also relied on the communication dated 4.3.2004 of the German company confirming that the embossing rollers covered by Design No.2950-910 had been sold to the respondent on condition that all user rights available in India under Indian laws would vest exclusively in the respondent and that the respondent would be entitled to exclusive user rights for at least five years. The German company was aware of the registration of the Design No.190331 and it had no objection to the design being marketed by the respondent herein. An affidavit was also filed by the Liaison Executive of the respondent company that he visited Germany and upon enquiry ascertained that M/s. Vegla Vereinigte Glaswerke Gmbh had never manufactured glass sheets of the design registered as Design No.2022468 in the United Kingdom. The respondent also objected to the admissibility of the materials alleged to have been downloaded from the United Kingdom Patent Office. It was also contended that in absence of corroborative evidence, such evidence cannot be tendered and it cannot be treated as admissible evidence. It was also contended that the German Company only manufactured rollers but did not produce glass-sheets prepared out of these rollers.

4. On the basis of the pleadings, learned Assistant Controller of Patents and Designs framed following three issues for determination:

- (i) Whether the design was not new or original in view of the fact that the roller bearing the design is published before the date of registration and the registered proprietor is not owner of design.
- (ii) Whether the design was published outside India as well as in India prior to the date of application.
- (iii) Whether the registered design was in public domain due to sale/use of the design prior to the date of application of the registered proprietor.

The first two issues were decided against the respondent and the third issue was not adjudicated since the evidence by way of affidavit was not taken on record on technical reasons. Hence, the Assistant Controller of the Patents and Designs set aside the registration of the respondent. Aggrieved against this order the respondent filed a regular appeal under Section 36 of the Act of 2000 before the High Court. Learned Single Judge after considering the matter reversed the finding of the Assistant Controller and dismissed the application filed by the appellant for cancellation of registration of the respondent herein. Aggrieved against this impugned order passed by learned Single Judge of the Calcutta High Court the present appeal was filed by the appellant-complainant.

5. We have heard learned senior counsel for the parties at length and perused the record. Before we proceed to decide on the merit of the matter, it would be profitable to refer to the relevant provisions of the Act. It may be mentioned here that in 1911 the Designs Act was passed by the then British Government in India. But with the advancement of science and technology and the number of registration of the design having increased in India, the Act of 1911 was amended wholesale by the Parliament and this new Act known as Designs Act, 2000 came to be introduced in the Parliament and the same was passed as such. The statement of objects and reasons read as under:

“STATEMENT OF OBJECTS AND REASONS

Since the enactment of the Designs Act, 1911 considerable progress has been made in the field of science and technology. The legal system of the protection of industrial designs requires to be made more efficient in order to ensure effective protection to registered designs. It is also required to promote design activity in order to promote the design element in an article of production. The proposed Design Bill is essentially aimed to balance these interests. It is also intended to ensure that the law does not unnecessarily extent protection beyond what is necessary to create the required incentive for design activity while removing impediments to the free use of available designs.”

Section 2 of the Act of 2000 deals with the definitions and the Controller has been defined in Section 2 (b) as follows:

“(b) “Controller” means the Controller-General of Patents, Designs and Trade Marks referred to in section 3.”

“Copyright” means the exclusive right to apply a design to any article in any class in which the design is registered.

Section 2 (d) defines design which reads as under:

“(d) “design” means only the features of shape, configuration, pattern, ornament or composition of lines of colours applied to any article whether in two dimensional or three dimensional or in both forms, by any industrial process or means, whether manual, mechanical or chemical, separate or combined, which in the finished article appeal to and are judged solely by the eye; but does not include any mode or principle of construction or anything which is in substance a mere mechanical device, and does not include any trade mark as defined in clause (v) of sub-section (1) of section 2 of

the Trade and Merchandise Marks Act, 1958 (43 of 1958) or property mark as defined in section 479 of the Indian Penal Code (45 of 1860) or any artistic work as defined in clause section 2 of the Copyright Act, 1957 (14 of 1957);”

Section 2 (g) defines original which reads as follows:

“(g) “ original”, in relation to a design, means originating from the author of such design and includes the cases which though old in themselves yet are new in their application;”

Section 2 (i) defines ‘prescribed’ which means prescribed by rules made under this Act. Section 2(j) defines ‘proprietor of a new or original design’ which reads as under:

“(j) “proprietor of a new or original design”.-

(i) where the author of the design, for good consideration, executes the work for some other person, means the person for whom the design is so executed;

(ii) where any person acquires the design or the right to apply the design to any article, either exclusively of any other person or otherwise, means, in the respect and to the extent in and to which the design or right has been so acquired, the person by whom the design or right is so acquired; and

(iii) in any other case, means the author of the design; and where the property in or the right to apply, the design has devolved from the original proprietor upon any other person, includes that other person.”

Section 3 deals with the Controller and other officers. Section 4 deals with the prohibition of registration of certain designs which has relevant bearing on our case. It reads as follows:

“4. Prohibition of registration of certain designs.- A design which-

(a) is not new or original; or

(b) has been disclosed to the public anywhere in India or in any other country by publication in tangible form or by use or in any other way prior to the filing date, or where applicable, the priority date of the application for registration; or

(c) is not significantly distinguishable from known designs or combination of known designs; or

(d) comprises or contains scandalous or obscene matter, shall not be registered.”

Section 5 deals with the application for registration of designs. Section 6 deals with the registration to be in respect of particular article. Section 7 deals with publication of particulars of registered designs. Section 9 deals with the certificate of registration which reads as under:

“9. Certificate of registration.-

(1) The Controller shall grant a certificate of registration to the proprietor of the design when registered.

(2) The Controller may, in case of loss of the original certificate, or in any other case in which he deems it expedient, furnish one or more copies of the certificate.”

Section 10 deals with register of designs which reads as follows:

“10. Register of designs.-

(1) There shall be kept at the patent office a book called the register of designs, wherein shall be entered the names and addresses of proprietors of registered designs, notifications of assignments and of transmissions of registered designs, and such other matter as may be prescribed and such register may be maintained wholly or partly on computer floppies or diskettes, subject to such safeguards as may be prescribed.

(2) Where the register is maintained wholly or partly on computer floppies or diskettes under sub-section (1), any reference in this Act to any entry in the register shall be construed as the reference to the entry so maintained on computer floppies or diskettes.

(3) The register of designs existing at the commencement of this Act shall be incorporated with and form part of the register of designs under this Act.

(4) The register of designs shall be prima facie evidence of any matter by this Act directed or authorized to be entered therein.”

Section 11 deals with copyright on registration which reads as under:

“11. Copyright on registration.

(1) When a design is registered, the registered proprietor of the design shall, subject to the provisions of this Act, have copyright in the design during ten years from the date of registration.

(2) If, before the expiration of the said ten years, application for extension of the period of copyright is made to the Controller in the prescribed manner, the Controller shall, on payment of the prescribed fee, extend the period of copyright for a second period of five years from the expiration of the original period of ten years.”

Section 12 deals with restoration of lapsed designs which reads as under:

“12. Restoration of lapsed designs.-

(1) Where a design has ceased to have effect by reason of failure to pay the fee for the extension of copyright under sub-section (2) of section 11, the proprietor of such design or his legal representative and where the design was held by two or more persons jointly, then, with the leave of the Controller one or more of them without joining the others, may, within one year from the date on which the design ceased to have effect, make an application for the restoration of the design in the prescribed manner on payment of such fee as may be prescribed.

(2) An application under this section shall contain a statement, verified in the prescribed manner, fully setting out the circumstances which led to the failure to pay the prescribed fee, and the Controller may require from the applicant such further evidence as he may think necessary.”

Section 17 deals with inspection of registered designs which reads as under:

“17. Inspection of registered designs.-

(1) During the existence of copyright in a design, any person on furnishing such information as may enable the Controller to identify the design and on payment of the prescribed fee may inspect the design in the prescribed manner.

(2) Any person may, on an application to the Controller and on payment of such fee as may be prescribed, obtain a certified copy of any registered design.”

Section 18 deals with information as to existence of copyright which reads as under:

“18. Information as to existence of copyright.- On the request of any person furnishing such information as may enable the Controller to identify the design, and on payment of the prescribed fee, the Controller shall inform such person whether the registration still exists in respect of the design, and, if so, in respect of what classes of articles, and shall state the date of registration, and the name and address of the registered proprietor.

Section 19 deals with cancellation of registration which reads as under:

“19. Cancellation of registration.-

(1) Any person interested may present a petition for the cancellation of the registration of a design at any time after the registration of the design, to the Controller on any of the following grounds, namely:-

- (a) that the design has been previously registered in India; or
- (b) that it has been published in India or in any other country prior to the date of registration; or
- (c) that the design is not a new or original design; or
- (d) that the design is not registerable under this Act; or
- (e) that it is not a design as defined under clause (d) of section 2.

(2) An appeal shall lie from any order of the Controller under this section to the High Court, and the Controller may at any time refer any such petition to the High Court, and the High Court shall decide any petition so referred.”

Section 22 deals with piracy of registered design. Chapter VI deals with fees, notice of trust not to be entered in registers etc. with which we are not concerned. Section 32 in Chapter VII deals with the powers and duties of the Controller which reads as follows:

“32. Powers of Controller in proceedings under Act.- Subject to any rules in this behalf, the Controller in any proceedings before him under this Act shall have the powers of a civil court for the purpose of receiving evidence, administering oaths, enforcing the attendance of witnesses, compelling the discovery and production of documents, issuing commissions for the examining of witnesses and awarding costs and such award shall be executable in any court having jurisdiction as if it were a decree of that court.”

Section 36 deals with the appeals to the High Court. Section 37 in Chapter VIII says that evidence can be tendered by affidavit or it can be by way of viva- voice in lieu of or in addition to evidence by affidavit and the party may be allowed to cross-examine on the contents of the

affidavit. Section 44 deals with reciprocal arrangement with the United Kingdom and other convention countries or group of countries or inter-governmental organizations. The Central Government in exercise of power conferred under sub-section (3) of section 1 of the Act of 2000 framed the rules known as The Designs Rules, 2001 (hereinafter to be referred to as the Rules of 2001). It has framed necessary rules to implement the provisions of the Act. Rule 11 says how the application is to be made for registration and says the mode of submission of application for registration. Rule 29 deals with the procedure how the cancellation of the registration can be made and a detailed provision has been made for implementation of Rule 29 of the Rules of 2001. Form of application for applying for registration is also provided as Form 1. Form 8 deals with the petition for cancellation for the registration of a design. This is the whole background of the Act.

6. In fact, the sole purpose of this Act is protection of the intellectual property right of the original design for a period of ten years or whatever further period extendable. The object behind this enactment is to benefit the person for his research and labour put in by him to evolve the new and original design. This is the sole aim of enacting this Act. It has also laid down that if design is not new or original or published previously then such design should not be registered. It further lays down that if it has been disclosed to the public anywhere in India or in any other country by publication in tangible form or by use or in any other way prior to the filing date, or where applicable, the priority date of the application for registration then such design will not be registered or if it is found that it is not significantly distinguishable from known designs or combination of known designs, then such designs shall not be registered. It also provides that registration can be cancelled under section 19 of the Act if proper application is filed before the competent authority i.e. the Controller that the design has been previously registered in India or published in India or in any other country prior to the date of registration, or that the design is not a new or original design or that the design is not registerable under this Act or that it is not a design as defined in clause (d) of section 2. The Controller after hearing both the parties if satisfied that the design is not new or original or that it has already been registered or if it is not registerable, cancel such registration and aggrieved against that order, appeal shall lie to the High Court. These prohibitions have been engrafted so as to protect the original person who has designed a new one by virtue of his own efforts by researching for a long time. The new and original design when registered is for a period of ten years. Such original design which is new and which has not been available in the country or has not been previously registered or has not been published in India or in any other country prior to the date of registration shall be protected for a period of ten years. Therefore, it is in the nature of protection of the intellectual property right. This was the purpose as is evident from the statement of objects and reasons and from various provisions of the Act. In this background, we have to examine whether the design which was registered on the application filed by the respondent herein can be cancelled or not on the basis of the application filed by the appellant. In this connection, the law of Copyright and Industrial Designs by P. Narayanan (Fourth Edition), Para 27.01 needs to be quoted.

“27.01. Object of registration of designs. The protection given by the law relating to designs to those who produce new and original designs, is primarily to advance industries, and keep them at a high level of competitive progress.

“Those who wish to purchase an article for use are often influenced in their choice not only by practical efficiency but the appearance. Common experience shows that not all are influenced in the same way. Some look for artistic merit. Some are attracted by a design which is a stranger or bizarre. Many simply choose the article which catches their eye. Whatever the reason may be one article with a particular design may sell better than one without it: then it is profitable to use the design. And much thought, time and expense may have been incurred in finding a design which will increase sales”. The object of design registration is to see that the originator of a profitable design is not deprived of his reward by others applying it to their goods.

The purpose of the Designs Act is to protect novel designs devised to be applied to (or in other words, to govern the shape and configuration of) particular articles to be manufactured and marketed commercially. It is not to protect principles of operation or invention which, if profitable at all, ought to be made the subject-matter of a patent. Nor is it to prevent the copying of the direct product of original artistic effort in producing a drawing. Indeed the whole purpose of a design is that it shall not stand on its own as an artistic work but shall be copied by embodiment in a commercially produced artefact. Thus the primary concern, is what the finished article is to look like and not with what it does and the monopoly provided for the proprietor is effected by according not, as in the case of ordinary copyright, a right to prevent direct reproduction of the image registered as the design but the right, over a much more limited period, to prevent the manufacture and sale of article of a design not substantially different from the registered design. The emphasis therefore is upon the visual image conveyed by the manufactured article.”

7. As mentioned above, the Assistant Controller primarily has taken into consideration the two evidence, (i) that the design was registered way back 1992 by the German company on the roller to be used either on glass, or rexin or on leather, therefore it is not new and original and (ii) that the same design has been obtained in United Kingdom as is evident from the downloading of Patent website of the United Kingdom. On the basis of this two evidence, the Assistant Controller has held that the design which was registered on the application filed by the respondent herein was not new and original. Therefore, on the application filed by the appellants, the Assistant Controller of Patents and Designs cancelled that design of the respondent.

8. Now, we shall examine to what extent the view taken by the Assistant Controller can be sustained and whether the view taken by learned Single Judge was correct or not. Now, coming to the first issue which has been framed by the Assistant Controller, the Assistant Controller found that M/s. Dornbusch Gravuren GmbH, a German Company published a brochure bearing distinctive number 2960-910 for the first time on 10.9.1993 and the registered proprietor took the user's right and got it registered. The Assistant Controller found that it is not the inventive ingenuity of the respondent and found that in order to register the design it should be new or original and the Assistant Controller found that there is insufficient evidence of originality and therefore, he came to the conclusion that the design is not a new and original one registered prior to the date of registration. Therefore, the question is whether the design is new and original. Section 4 which is couched in the negative terms, says that the design which is not a

new or original then such design cannot be registered. Therefore, the question is the design which has been prepared by the German Company and which has been sold to the respondent which became the proprietor of it, is a new or original or not. In this connection, the burden was on the complainant to show that the design was not original or new. We have no hesitation in recording a finding that the burden was not discharged by the complainant. It only tried to prove on the basis of the letter of the German company that they produced the rollers and sold in market but it was nowhere mentioned that these rollers have been reproduced on the glass sheets by the German company or by any other company. The expression, "new or original" appearing in Section 4 means that the design which has been registered has not been published anywhere or it has been made known to the public. The expression, "new or original" means that it had been invented for the first time or it has not been reproduced by anyone. The respondent company purchased the rollers from the German company and got it registered with the registering authority that by these rollers they are going to produce the design on the glass sheets. Design has been defined in section 2(d) which means that a feature of shape, configuration, pattern, ornament or composition of lines or colours applied to any article whether in two dimensional or three dimensional or in both forms, by any industrial process. That means that a feature or a pattern which is registered with the registering authority for being produced on a particular article by any industrial process whether manual, mechanical or chemical or by any other means which appears in a finished article and which can be judged solely by eye appeal. The definition of design as defined in section 2(d) read with application for registration and rule 11 with form 1 makes it clear that the design which is registered is to be applied to any finished article which may be judged solely by eye appeal. A conjoined reading of these three provisions makes it clear that a particular shape or a particular configuration is to be registered which is sought to be produced on any article which will have visual appeal. Such design once it is registered then it cannot be pirated by any other person. But the question is whether it is new or original. In the present case, the complainant relied on the correspondence of the German company which produced the rollers and sold it to the respondent herein and it gave the proprietary right to the present respondent company. 'Proprietor' as defined in section 2(j) of the Act means that any person who acquires the design or right to apply the design to any article, either exclusively of any other person or otherwise, means, in the respect and to the extent in and to which the design or right has been so acquired. Therefore, this right to reproduce this design on an article has been given by the German company to the respondent. But again the question is whether the complainant had discharged their burden to show that this design is not new or original. For this purpose, they only banked upon the letter of the German company which prepared these rollers and there is no evidence to show that the design which was reproduced on glass sheets was either produced by any other agency. Therefore, the expression that 'new or original' in this context has to be construed that whether this design has ever been reproduced by any other company on the glass sheet or not. There is no evidence whatsoever produced by the complainant either before the Assistant Controller or before any other forum to show that this very design which has been reproduced on the glass sheet was manufactured anywhere in the market in India or in United Kingdom. There is no evidence to show that these rollers which were manufactured or originally designed by the company was marketed by this company to be reproduced on glass sheets in India or even in United Kingdom. This proprietorship of this design was acquired by this respondent

from the German company and there is no evidence on record to show that these rollers were used for designing them on the glass sheets in Germany or in India or in United Kingdom. What is required to be registered is a design which is sought to be reproduced on an article. This was the roller which was designed and if it is reproduced on an article it will give such visual feature to the design. No evidence was produced by the complainant before the Assistant Controller that anywhere in any part of the world or in India this design was reproduced on glass or it was registered anywhere in India or in any part of the world. The German company only manufactured the roller and this roller could have been used for bringing a particular design on the glass, rexin or leather but we are concerned here with the reproduction of the design from the roller on glass which has been registered before the registering authority. Therefore, this design which is to be reproduced on the article i.e. glass has been registered for the first time in India and the proprietary right was acquired from the German company. We have gone through the letter of the German company and it nowhere says that this was reproduced on a glass sheet. No evidence was produced by the complainant that this design was reproduced on a glass sheet in Germany or in India. The contents of the letter are very clear. It shows that it was designed in 1992 and was marketed in 1993. But there is no evidence to show that this design was reproduced on glass sheet any where in Germany. Section 4 clearly says that the Controller will only register a design on application made under Section 5 by the proprietor of any new or original design not previously published in any country and which is not contrary to public order or morality and it further says that this application shall be in a prescribed form and the prescribed form has been given in form 1. Form 1 clearly says that the design is to be applied. Relevant column of the form ... shows that for name of the article on which the design is sought to be transcribed has to be mentioned at the time of registration. The respondent moved an application filling this form that this roller which has been manufactured by the German company with that design shall be reproduced on the glass. Therefore, when the application was filed by the respondent for registration, it was registered on the basis that the roller which will be used by mechanical process will bring design on a glass which is registered. Therefore, what is sought to be protected is that the design which will be reproduced on the roller by way of mechanical process and that design cannot be reproduced on glass by anybody else. Now, the question is whether it is new or original design. For that it is clear that there is no evidence to show that this design which is reproduced on the glass sheet was either registered in India or in Germany or for that matter in United Kingdom.

The expression, 'design' has come up for interpretation in English courts. The expression, design is almost *pari materia* with the definition of design in the Indian context. The expression, 'design' in the English Act which is known as the Registered Designs Act, 1949 reads as under:

“ In this Act the expression, 'design' means features of shape, configuration, pattern or ornament applied to an article by any industrial process, being features which in the finished article appeal to and are judged solely by the eye, but does not include

- (a) a method or principle of construction or
- (b) features of shape or configuration which

- (i) are dictated solely by the function which the article has to perform, or
- (ii) are dependent upon the appearance of another article of which the article is intended by the author of the design to form an integral part.”

The history of this definition has been detailed by Russel- **Clarke and Howe on *Industrial Designs*** (Seventh Edition) at para 3.11 at page 74 which reads as under:

“3-11. This definition contains a cumulative series of requirements, many of which have been the subject of judicial decision and analysis. The historical process by which this definition has evolved is of importance to its present day interpretation and application. Some of the more important embellishments to the definition, such as those dealing with eye appeal and methods or principles of construction, have found their way into the pre-2001 statutory definition as a result of the explicit adoption such requirements were held to be implicit in the earlier and less elaborate statutory definitions of “design”. This manifests an intention by the legislature to adopt and make explicit the principles developed in those cases.

3.13. The words of the section are: ‘design means features of shape configuration, pattern or ornament applied to an article...’. Thus a registrable design, as defined by the RDA (A), must have reference to some specific article to which it is to be applied. The design to be registered “ is a shape, configuration or pattern to be applied a particular specified article”. It can be readily seen that a particular pattern of surface ornamentation could be applied to wide range of different articles. An application for registration was not in respect of the pattern as such, but in respect of its application to the specific article named. If it was desired to register the same design, e.g. a surface pattern or decoration, in respect of a series of different articles (apart from the special case of articles which together form a set), then a separate application had to be made in respect of each article, and each application to register was numbered separately and treated as a separate and distinct application. In the case of designs consisting of features of shape or configuration, there may of course be cases where the design is intrinsically applicable only to a specific kind of article. The article itself does not, however, constitute the design. In ***Dover v. Nurnberger*** Celluloid Waren Fabrik Gebruder Wolff, Buckley L.J. said:

“Design means, therefore, a conception or suggestion or idea of a shape or of a picture or of a device or of some arrangement which can be applied to an article by some manual, mechanical or chemical means. It is a conception, suggestion, or idea, and not an article, which is the thing capable of being registered. It is a suggestion of form or ornament to be applied to a physical body.” [***Pugh v. Riely Cycle Co Ltd.***, (1912) 29 R.P.C. 196]

Accordingly, it is submitted that a design is an idea or conception as to features of shape, configuration, pattern or ornament applied to an article. Although that idea, while still in the author’s head, may be potentially capable of registration, in fact it must be reduced to visible form to be identifiable, and until it is so reduced there is nothing capable of registration, It may be so rendered either by its being embodied in the actual article, or by its being placed upon a piece of paper in such a way that the shape or other features of the article to be made are clear

to the eye. Whenever the means of identification (under some of the old Acts, provision was made whereby a mere verbal description could in some cases be accepted as sufficient), as soon as the idea is reduced to a form which is identifiable, there is something which is a “design”, and which, if new or original, may be registrable.”

Similarly our attention was also invited to para 27.07 of the *Law of Copyright and Industrial Designs* by P. Narayanan (Fourth Edition) which reads as under:

“27.07. *Design as a conception or idea* “Design means a conception or suggestion or idea of a shape or of a picture or of a device or of some arrangement which can be applied to an article by some manual, mechanical or chemical means mentioned in the definition clause. It is a suggestion of form or ornament to be applied to a physical body”. It is a conception, suggestion or idea, and not an article, which is the thing capable of being registered. It may according to the definition clause, be applicable to any article whether for the pattern or for the shape or configuration or for the ornament thereof (that is to say of the article) or for any two or more of such purposes. The design, therefore, is not the article, but is the conception, suggestion, or idea of a shape, picture, device or arrangement which is to be applied to the article, by some one of the means to be applied to a physical body.”

A design capable of registration cannot consist of a mere conception of the features mentioned in the definition, or in the case of an article in three dimensions, of a representation of such features in two dimensions. It must, in such a case, in order to comply with the definition, consist of the features as they appear in the article to which they have been applied by some industrial process or means. An applicant for registration of a design has to produce a pictorial illustration of the idea or suggestion which he has to establish as new or original;”

Therefore, the concept of design is that a particular figure conceived by its designer in his mind and it is reproduced in some identifiable manner and it is sought to be applied to an article. Therefore, whenever registration is required then those configuration has to be chosen for registration to be reproduced in any article. The idea is that the design has to be registered which is sought to be reproduced on any article. Therefore, both the things are required to go together, i.e. the design and the design which is to be applied to an article. In the present case, the design has been reproduced in the article like glass which is registered. This could have been registered with rexin or leather. Therefore, for registration of a particular configuration or particular shape of thing which is sought to be reproduced on a particular article has to be applied. As in the present case the design sought to be reproduced on a glass-sheet has been registered and there is no evidence to show that this design was registered earlier to be reproduced on glass in India or any other part of the country or in Germany or even for that matter in United Kingdom, therefore, it is for the first time registered in India which is new and original design which is to be reproduced on glass sheet. Therefore, the submission of learned senior counsel for the appellants, Mr. Gupta cannot be accepted that this design was not new and original.

9. In this connection, our attention was invited to the decisions of the Delhi High Court in 1981 PTC 239 [*M/s. Domestic Appliances v. M/s. Globe Super Parts*] and 1983 PTC 373 [*The Wimco Ltd. Bombay v. M/s. Meena Match Industries, Sivakasi.*]. In *M/s. Domestic*

Appliances & Ors., M/s. Globe Super Parts, Faridabad manufactured gas tandoors and they got the design registered in respect of gas tandoor. The petitioners- M/s. Domestic Appliances & Ors. also manufacture gas tandoors under the trade mark 'Sizzler'. They were selling the same in Delhi market. The respondent filed a suit against the petitioners alleging inter alia infringement of the design and obtained temporary injunction restraining the petitioners from selling the seasonal goods. The petitioners filed an application under Section 51A of the Designs Act, 1911 for cancellation of the design No.145258 before the Controller of Designs, Calcutta. The cancellation was sought on the allegations that the design No.145258 was pre-published in India on the date of registration in as much as the respondents themselves were manufacturing and selling the gas tandoors earlier to the date of application for registration of design No.145258 and sold the same to various parties in Delhi, Punjab, Haryana, Jammu & Kashmir & Uttar Pradesh and also advertised the said supercook gas tandoor in several newspapers. It was also alleged that the respondents were not the originators or the owners of the design. Therefore, it should be cancelled. This was resisted by the respondents. Similarly in this case here also it was alleged that this application has been filed as a counterblast to the suit filed by the respondent and it was also pleaded that the petitioners were not interested in cancellation of the design. In the suit certain issues were framed and the High Court held that there was no definite evidence produced by the parties that the design had been previously registered in India. It was also held that the respondents were manufacturing the gas tandoors of the impugned design prior to 1977 and ultimately the Court held that the gas tandoors of the impugned design had been sold prior to the date of its publication. In other words the design had been published for the first time in India in 1977. Therefore, this case was decided purely on the question of fact and no ratio has been laid down. Similarly in 1983 PTC 373, this was a case by the Wimco Limited, a public limited company which carried on business of manufacturing and selling match boxes. It was claiming that they were one of the famous manufacturers of matches and they developed a design and gave it a name as 'HOTSPOT' and made an application for registration under the provisions of the Designs Act, 1911 and the same was registered. Thereafter a suit was instituted against M/s. Meena Match Industries, M/s. Thilgaraj Match Works and Ms. Sanjay & Co to restrain the defendants from manufacturing, producing, selling and/or marketing or offering for same match boxes bearing the impugned pattern/ design on the match boxes. After review of the evidence on record the Court held that the design given to M/s. Wimco was liable to be cancelled on the ground that it has been published in India prior to the date of registration and the design was not a new or original one. Therefore, this was also decided basically on the question of fact. Similarly in the present case, as we have discussed above, that this design which was registered in the name of M/s. Gopal Glass Works was not published in India or in Germany. Therefore, it was a new and original design.

10. The question of eye appeal came up for consideration in *Interlego A.G. v. Tyco Industries Inc.* [(1988) 16 R.P.C. 343]. In that their Lordships have laid down important test in the matter of visual appeal of the eye. It was observed as follows:

“In relation, however, to an assessment of whether a particular shape or configuration satisfies the former and positive part of the definition, the fact that an important part of the very purpose of the finished article is to appeal to the eye cannot

be ignored. That factor was one which was conspicuously absent from the articles upon which the courts were required to adjudicate in the cases of *Tecalemit Ltd. v. Ewarts Ltd.* [(1927) 44 R.P.C. 503], *Stenor and Amp* and in the more recent Irish case of *Allibert S.A. v. O'Connor* [1981] F.S.R. 613, in all of which the claim to registration failed. It was one which was present in the case of *Kestos* where the claim to the validity of the design succeeded. It is present in the instant case. One starts with the expectation of eye-appeal, for part of the very purpose of the article is to have eye-appeal. That was aptly expressed by Whitford J. in relation to the same subject-matter as in this appeal in the case of *Interlego A.G. v. Alex Folley (Vic) Pty.Ltd.* [(1987) F.S.R. 283, 298]:-

“ I would have expected a designer designing toys to have the question of the appeal of the toy to the eye, even in the case of a functional toy, in mind. Mr. Rylands who have evidence for the defendants said that when designing a functional toy it is necessary to have regard not only to suitability for purpose but to overall appearance. You have to design so that the article in question will make an immediate visual appeal to a child or to the parent or other person buying for a child.”

One has to be very cautious unless two articles are simultaneously produced the Court then alone the Court will be able to appreciate. But in the present case no design reproduced on the glass-sheets was either produced before the Assistant Controller or before the High Court or before us by the appellant to appreciate the eye appeal. The appellant could have produced the design reproduced on glass-sheet it manufactured in United Kingdom or Germany. That could have been decisive.

11. Our attention was invited to *Dover Ltd. v. Nurnberger Celluloidaren Fabrik Gebruder Wolff* [(1910) 27 R.P.C. 498]. This was a case in which the question was of the pattern or ornament of hand grip for cycle handles brought an action for infringement against a German firm of manufacturers, and against their London agents. The defendants admitted that they were selling cycle handles with the design resembling the plaintiffs' registered design but pleaded that the plaintiffs' registered design was not a new or original design not previously published in the United Kingdom and alleged that it was commonly known for many years prior to the date of the registration. Though the Single Judge held that the design was new and original having regard to the kind of article for which it was registered and that it had been applied by the defendants to the cycle handles sold by them but the Court of Appeal held that the design was not new or original within the definition of the Patents and Designs Act, 1907, and that the defendants had not infringed. Therefore, this case was decided on the question of fact and evidence lead by the parties. In this case, Buckley, J. observed as follows:

“In my opinion, there is in this no originality. If, however, the Respondents' Counsel is right in saying that the Design is the whole thing as shown in the picture, then, it seems to me, that the Defendants have not infringed. Their handle is not divided into six panels but into nine panels. Their grooves are so much more shallow than the Plaintiffs' grooves as to be easily distinguishable from them. Fraudulent imitation there was certainly none; neither was there obvious imitation either. In my judgment, this Act was intended to protect Designs which really have some merit by way of novelty or originality and not to give colour to such paltry and trivial claims as have been set

up in this case. The appeal must, I think, succeed and the action be dismissed with costs.”

Kennedy L.J. also took the similar view and observed as follows:

“In the present case, as I have already said, if I rightly appreciate the evidence, a paneled hand grip with grooved divisions was not new, nor was the engine-turning of surfaces as an ornamentation of those surfaces new, for it had been applied to what I may, I think, fairly call the kindred surfaces of knife handles and penholders, where the hand grips them. I cannot find either novelty or originality in the Plaintiffs’ Design by reason of such a combination.”

Therefore, both the cases were distinguishable on question of facts only.

12. Our attention was also invited to King Features Syndicate Incorporated and Frank Cecil Betts, the Personal Representative of *Elzie Chrisler Segar, Deceased. v. O. & M. Kleeman Ltd.* [(1941) 58 R.P.C. 207]. In this case also, action was brought for alleged infringement of certain copyright in certain drawings. It was contended by the defendants that they had not manufactured or imported and sold as alleged by the plaintiffs and there was no infringement. Leave was granted. The Court of Appeal allowed the appeal. The plaintiffs appealed to the House of Lords and the appeal was allowed. There also much turned on the question of evidence.

13. Our attention was invited to *Gammeter v. Controller of Patents & Designs*, [AIR1919 Cal.887]. Their Lordships discussed the concept of new and original. In that context, it was observed as follows:

“A design in order to be new or original within the meaning of the Act, need not be new or original in the sense of never having been seen before as applied to any article whatever, there might be a novelty in applying an old thing to a new use, provided it is not merely analogous. Where the design of a metal band called the “Novelty band,” intended to attach a watch to the wrist, was similar in shape and configuration to a bracelet previously manufactured for ornamental purpose.”

Their Lordships further held as follows:

“Though the shape of the “Novelty” band by itself could not be said to be new and original, the application of it to a watch to be worn on the wrist was for a purpose so different from and for a use so similar to the purpose and use of the bracelet that the design in question might be said to be original. worn on the wrist was for a purpose so different from and for a use so similar to the purpose and use of the bracelet that the design in question might be said to be original.”

Therefore, this case also depended on the appreciation of the material placed before the Court.

14. The next evidence which was lead by the appellant was a website had been downloaded from the United Kingdom Patent Office effecting patent that may be applied to glass sheets. No evidence has been produced to show that M/s.Vegla Vereinigte Glaswerke GmbH had manufactured this design in glass sheet or not. It is only a design downloaded from the website of the Patent office in U.K. and it is not known whether it was reproduced on glass-sheet in

U.K. or not. In this connection, the Assistant Controller has only observed that he has made a visual comparison of the U.K. registered design No.2022468 with the impugned design No.190336 and he was satisfied that both the designs make same appeal to the eye and there was sufficient resemblance between the two designs. Therefore, the Assistant Controller held that the impugned design was prior published and it could not be said to be new or original. The Assistant Controller further observed that the proprietor of this design had not been able to make a difference between the U.K. design and the present design. This was not accepted by learned Single Judge of the Calcutta High Court and for the good reason. It was observed by learned Single Judge as under:

“ The illustrations in the form of drawings downloaded from the website of the United Kingdom Patent Office depict the patterns that may be applied to glass sheets. The patterns may be same but the illustrations do not give the same visual effect as the samples of the glass sheets produced by the appellant in Court. There are also no clean unmistakable instructions or directions for production of glass sheets of the pattern illustrated. The visual effect and/or appeal of a pattern embossed into glass sheets by use of embossing rollers could be different from the visual effect of the same pattern etched into glass sheets manually. The respondent no.1 has not considered these factors. The order impugned considered with the materials on record, including in particular the computer print outs clearly reveals that the respondent no.1 has only compared the pattern and/or configuration considered the visual appeal thereof, but not the visual appeal of the pattern and/or configuration on the article. In other words, the Respondent No.1 has not considered the visual appeal of the finished product. There are no materials on record to show that the design had previously been applied to glass sheets. On the other hand, an affidavit was sworn on behalf of the appellant by a Liaison Executive affirming that he had ascertained that the proprietor of the design registered in the United Kingdom had never manufactured glass sheets of the design registered.” From this it appears that in fact the pattern of the design which is reproduced on the glass-sheet and the design and the pattern which was reproduced on the glass-sheet of the United Kingdom was not common. The affidavit sworn on behalf of the respondent herein, the liaison Executive that he had ascertained from the proprietor of the design registered in United Kingdom and they have never manufactured glass-sheet of the design registered. This affidavit evidence of the Liaison Executive of the respondent company has remained un-rebutted. Secondly, the learned Assistant Controller has not properly compared the two designs that on what comparison he found that the same configuration or pattern are identical with that of the impugned design. Simply by saying visually one can liable to commit the mistake but if the comparison is to be judged whether the pattern of the United Kingdom and that of the present pattern is three dimension or not. Both the designs were placed before us as was done before the High Court also. Learned Single Judge recorded its finding after seeing both the designs that there is distinguishable difference between the two. Similar attempt was made before us to show that both the designs i.e. one that is published in United Kingdom and the impugned design are identical. We have seen the original glass pattern produced before us and the photograph of the pattern produced on record. If the complainant was serious about the same, it could have

produced the pattern which was reproduced on the glass-sheet in the United Kingdom and the pattern which is reproduced on the glass-sheet by the rollers of the design produced before us. If these two glass-sheets were placed before learned Single Judge or before us we would have been able to record the finding. The finding recorded by the Assistant Controller is most inconclusive and it does not give us any assurance that it was a proper comparison of the two patters by the Assistant Controller. Learned Single Judge of the Calcutta High Court had occasion to go through both the patterns and found that there is no comparison. Likewise, the glass-sheets were placed before us with all dimensions along with a copy of the print out of the United Kingdom and we are of opinion that there is no comparison between the two. From the visual appeal placed before us, learned Single Judge has rightly concluded that there is no comparison of pattern or configuration of two designs. We fully agree with the view taken by learned Single Judge. Hence on this count also the view taken by the Assistant Controller does not appear to be correct and the view taken by learned Single Judge of the Calcutta High Court is correct.

15. As a result of our above discussion, we do not find any merit in this appeal and the same is dismissed with costs of Rs.50,000/-(Rupees fifty thousand only).

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Reckitt Benkiser India Ltd vs Wyeth Ltd.

15 March, 2013

FACTS: The issue in the division bench appeal is with regard to the claim of entitlement of the appellant of the alleged infringement by the respondent of appellant's registered design No. 193988 dated 5.12.2003 in class 99-00 with respect to an S-shaped spatula. The S-shaped spatula is designed for the application of a cream for hair removal i.e. a cosmetic depilatory. The defence of the respondent is that the registered design of the appellant is not new/ original and the same was also registered and published abroad prior to the registration in India. It is also further averred that the S-shaped spatula is design was infact used abroad pursuant to its registration. The respondent, in fact, alleged suppression of facts on behalf of the appellant in not disclosing the prior registration of the design in various countries and thereafter of the manufacturing and publication of the subject design abroad.

LAW POINTS INVOLVED: Sections 2(d), 2(g), 19, 22, 44 of The Designs Act, 2000

1. Reference has been made to this Full Bench, by a Division Bench of this court, vide the reference order dated 8.10.2010 in this FAO(OS), for this larger Bench to consider as to whether a Division Bench of this court in the case of Dabur India Ltd. Vs. Amit Jain & Anr. 2009 FAO (OS) No.458/2009 Page 1 of 67 (39) PTC 104 (Del) (DB) has correctly held that publication abroad by existence of the design in the records of the Registrar of designs which is open for public inspection cannot be said to be "prior publication" as per the meaning of the term as found in Sections 4(b) and 19(1)(b) of the Designs Act, 2000 (hereinafter referred to as the Act). The Division Bench of this court observes that it concurs with the view of learned Single Judge of Calcutta High Court in the case of Gopal Glass Works Ltd. Vs. Assistant Controller of Patents & Designs 2006 (33) PTC 434 (Cal.) as stated in paras 39 and 40 of the judgment, as per which the learned Single Judge of the Calcutta High Court holds that mere publication of designs, specifications, drawings and /or

demonstrations by the patent office in a foreign country would not in itself amount to publication for rendering a design registered in India liable to cancellation. The reference order doubts the correctness of the ratio in the judgments in the cases of Dabur India Ltd. and Gopal Gas Works Ltd. for the reason that the said judgments are stated to have overlooked the provision of Section 44 of the Act which provides that a design which is registered abroad in a Paris Convention country, and to which convention India is a signatory, gets priority over an Indian registered design, provided that the person who gets the designs registered FAO (OS) No.458/2009 Page 2 of 67 abroad in a Paris convention country, within six months of the date of the application made in the said convention country abroad, applies and gets registration in India.

2. The issues/aspects as crystallized would be as under:-

(i) Is a design previously registered abroad in a convention country a ground under Section 19(1)(a) of the Act for cancellation of a design subsequently registered in

No.458/2009 Page 3 of 67 19(1) (a) of the Act for cancellation of a design subsequently registered in

India?

(ii) If under Section 19(1)(a) a design registered in a convention country abroad is a ground for cancellation of a design registered in India, is this rule absolute or the rule falls in those circumstances where the design registered abroad is not applied to be got registered in India within a period of six months of making of the application in a convention country abroad. Be it noted that the issue of design registered abroad alongwith its prior publication can be under certain circumstances a basis of cancellation of a design which is registered in India, however, that is the subject matter of Section 19(1)(b) and not 19(1)(a), because the aspect of prior publication is within the subject matter of Section 19(1)(b) as stated in the immediately following issue.

(iii) If a design registered in a convention country abroad is not a ground for cancellation of a design registered in India under Section 19(1)(a), then, whether the registration abroad entitles cancellation of a design registered in India because the registration abroad conclusively amounts to prior publication as per that expression found in Section 19(1)(b) read with Section 4(b) of the Act. FAO (OS) No.458/2009 Page 4 of 67

(iv) What is the meaning of the expression "publication abroad"/"published abroad", for it then to be argued that on account of such publication abroad, the design registered in India becomes liable to cancellation in terms of Section 19(1)(b) of the Act.

3. An offshoot of the aforesaid issues (iii) and (iv) above is that whether in all circumstances and all cases, the record of the Registrar of Designs open to public inspection abroad should be held to be prior publication so that on the basis cancellation can be applied under Section 19(1)(b) of the Act for the design registered in India, and if, the record of the Registrar of Designs in a convention country abroad is to be taken as a basis for cancellation of a design registered in India, whether it is an unqualified rule or whether it has to be examined as per the facts of each case that record of the Registrar of Designs in a convention country abroad does or does not amount to prior publication in terms of the expression in Section 19(1)(b) and Section 4(b) of the Act.

4. It would be necessary to refer to various relevant sections of the Act.

"Section 2(d) "design" means only the features of shape, configuration, pattern, ornament or composition of lines or colours applied to any article whether in two

dimensional or three dimensional or in both forms, by any industrial process or means, whether manual, mechanical or chemical, separate or combined, which in the finished article appeal to an are judged solely by the eye; but does not include any mode or principle of construction or anything which is in substance a mere mechanical device, and does not include any trade mark as defined in clause (v) of sub-section (1) of section 2 of the Trade and Merchandise Marks Act, 1958 or property mark as defined in section 479 of the Indian Penal Code (45 of 1860) or any artistic work as defined in clause (c) of section 2 of the Copyright Act, 1957 (14 of 1957);.

(g) "original", in relation to a design, means originating from the author of such design and includes the cases which though old in themselves yet are new in their application;

Section 4. Prohibition of registration of certain designs.- A design which-

- (a) is not new or original; or
- (b) has been disclosed to the public anywhere in India or in any other country by publication in tangible Form or by use or in any other way prior to the filing date, or where applicable, the priority date of the application for registration; or
- (c) is not significantly distinguishable from known designs or combination of known designs; or
- (d) comprises or contains scandalous or obscene matter, shall not be registered.

Section 5. Application for registration of designs.- (1) The Controller may, on the application of any person claiming to be the proprietor of any new or original design not previously published in any country and which is not contrary to public order or morality, register the design under this Act.

Provided that the Controller shall before such registration refer the application for examination, by an examiner appointed under sub- section (2) of section 3, as to whether such design is capable of being registered under this Act and the rules made thereunder and consider the report of the examiner on such reference. A design when registered shall be registered as of the date of the application for registration.

Section 19. Cancellation of registration (1) Any person interested may present a petition for the cancellation of the registration of a design at any time after the registration of the design, to the Controller on any of the following grounds, namely:-

- (a) that the design has been previously registered in India; or
- (b) that it has been published in India or in any other country prior to the date of registration; or
- (c) that the design is not a new or original design; or
- (d) that the design is not registrable under this Act; or

(e) it is not a design as defined under clause (d) of section 2.

(2) An appeal shall lie from any order of the Controller under this section to the High Court, and the Controller may at any time refer any such petition to the High Court, and the High Court shall decide any petition so referred.

Section 22. Piracy of registered design (I) During the existence of copyright in any design it shall not be lawful for any person-

(a) for the purpose of sale to apply or cause to be applied to any article in any class of articles in which the design is registered, the design or any fraudulent or obvious imitation thereof, except with the license or written consent of the registered proprietor, or to do anything with a view to enable the design to be so applied; or

(b) to import for the purposes of sale, without the consent of the registered proprietor, any article belonging to the class in which the design has been registered, and having applied to it the design or any fraudulent or obvious imitation thereof, or

(c) knowing that the design or any fraudulent or obvious imitation thereof has been applied to any article in any class of articles in which the design is registered without the consent of the registered proprietor, to publish or expose or cause to be published or exposed for sale that article.

2. (1) If any person acts in contravention of this section, he shall be liable for every contravention-

(a) to pay to the registered proprietor of the design a sum not exceeding twenty-five thousand rupees recoverable as a contract debt, or

(b) if the proprietor elects to bring a suit for the recovery of damages for any such contravention, and for an injunction against the repetition thereof, to pay such damages as may be awarded and to be restrained by injunction accordingly:

Provided that the total sum recoverable in respect of any one design under clause (a) shall not exceed fifty thousand rupees: Provided further that no suit or any other proceeding for relief under this subsection shall be instituted in any court below the court of District Judge.

(3) In any suit or any other proceeding for relief under subsection (2), every ground on which the registration of a design may be cancelled under section 19 shall be available as a ground of defence.

(4) Notwithstanding anything contained in the second proviso to sub- Section (2), where any ground on which the registration of a design may be cancelled under section 19 has been availed of as a ground of defence and sub-section (3) in any suit or other proceeding for relief under sub-section

(2), the suit or such other proceedings shall be transferred by the Court in which the suit or such other proceeding is pending, to the High Court for decision.

(5) When the court makes a decree in a suit under sub-section (2), it shall send a copy of the decree to the Controller, who shall cause an entry thereof to be made in the register of designs.

Section 44. Reciprocal arrangement with the United Kingdom and other convention countries or group of countries of intergovernmental organisations

(1) Any person who has applied for protection for any design in the United Kingdom or any of other convention countries or group of countries or countries which are members of inter-governmental organisations, or his legal representative or assignee shall, either alone or jointly with any other person, be entitled to claim that the registration of the said design under this Act shall be in priority to other applicants and shall have the same date as the date of the application in the United Kingdom or any of such other convention countries or group of countries or countries which are members of inter-governmental organisations, as the case may be: Provided that-

(a) the application is made within six months from the application for protection in the United Kingdom or any of such other convention Countries or group of countries or countries which are members of inter-governmental organisations, as the case may be; and

(b) nothing in this section shall entitle the proprietor of the design to recover damages for piracy of design, design happening prior to the actual date on which the design is registered in India. (2) The registration of a design shall not be invalidated by reason only of the exhibition or use of or the publication of a description or representation of the design in India during the period specified in this section as that within which the application may be made; (4) Where it is made to appear to the Central Government that the legislature of the United Kingdom or any such other convention country or a country which is member of any group of countries or inter-governmental organisation as may be notified by the Central Government in this behalf has made satisfactory provision for the protection of designs registered in India, the Central Government may, by notification in the Official Gazette, direct that the provisions of this section, with such variations or additions, if any, as may be set out in such notification, shall apply for the protection of designs registered in the United Kingdom or that other convention country or such country which is member of any group of countries or intergovernmental organisation, as the case may be. Explanation- (1) For the purposes of this section, the expression "convention countries", "group of countries" or "inter-governmental organisation" means, respectively, such countries, group of countries or inter-governmental organisation to which the Paris Convention for Protection of Industrial Property, 1883 as revised at Stockholm in 1967 and as amended in 1979 or

the Final Act, embodying the results of the Uruguay Round of Multilateral Trade Negotiations, provided for the establishment of World Trade Organisation applies. Explanation- (2) Where more than one application for protection referred to in sub-section (1) have been made for similar protections in the United Kingdom or one or more convention countries, group of countries or countries which are members of inter-governmental organisations, the period of six months referred to in clause (a) of that sub-section, shall be reckoned from the date of which the earlier or the earliest application, as the case may be, of such applications has been made."

Section 19(1)(a): Whether a design registered abroad can be a ground for cancellation of a design registered in India 5(i). On a literal interpretation of Section 19(1)(a), it is clear that it is only a design which is registered in India which can cause cancellation of a design which is again registered in India i.e., a design registered abroad on a literal construction of Section 19(1)(a) is not a ground for cancellation of a design registered in India. The issue is that should a literal construction prevail or should it be held that a design registered abroad should be included in the sweep of Section 19(1)(a) for cancellation of the design registered in India. In order to appreciate this issue, we would at this stage reproduce Section 51A of the erstwhile Designs Act, 1911 which dealt with cancellation of registration, and which provision is similar to the present Section 19 of the 2000 Act. The earlier Section 51A reads as under:-

"Section 51A. Cancellation of registration-

(1) Any person interested may present a petition for the cancellation of the registration of a design-

(a) at any time after the registration of the design, to the High Court on any of the following grounds, namely:

(i) that the design has been previously registered in India; or

(ii) that it has been published in India prior to the date of registration;

or

(iii) that the design is not a new or original design; or

(b) within one year from the date of the registration, to the Controller on either of the grounds specified in sub-clauses (i) and (ii) of Clause (a).

(2) An appeal shall lie from any order of the Controller under this section to the High Court, and the Controller may at any time refer any such petition to the High Court, and the High Court shall decide any petition so referred."

(ii) When we compare Section 51A of the 1911 Act with Section 19 of the 2000 Act, it becomes clear that the parliament has brought in prior publication abroad by including

this aspect in Section 19(1)(b) of the 2000 Act for cancellation of a design registered in India, whereas previously FAO (OS) No.458/2009 Page 14 of 67 under Section 51A (1)(a)(ii) of the 1911 Act the factum of prior publication abroad was not a ground for cancellation of a design registered in India. There is hence a conscious departure by the legislature while enacting Section 19(1)(b) of the 2000 Act than as compared to Section 51A(1)(a) (ii) of the 1911 Act, however, there is no change in the language of Section 51A(1)(a)(i) of the 1911 Act when we compare the same with the equivalent provision of Section 19(1)(a) in the 2000 Act i.e., both under the 1911 Act and the present 2000 Act it is only a prior registration in India (and not abroad) which is a ground for cancellation of a design which is subsequently registered in India. There is therefore a marked change in approach of the legislature while dealing with the separate aspects viz. one of cancellation of a design registered in India on the

ground of registration in India which has remained the unchanged, and second as regards cancellation because of prior publication and which expression has been extended to mean prior publication not only in India but also abroad. In Gopal Glass Works Ltd.'s case the learned Single Judge of the Calcutta High Court has rightly noticed this conscious act of the legislature.

6. Therefore, we cannot ignore this specific mandate of the legislature whereby no change has been brought about to the language of the earlier provision of Section 51A (1)(a)(i) of the 1911 Act, and there being an identical provision in Section 19(1)(a) of the 2000 Act. Therefore, a registration of a design abroad cannot be a ground included under Section 19(1)(a) of the Act for cancellation of a design registered in India.

7. The question which then immediately arises is whether the provision of Section 44, with its sub-Sections (1) and (2), requires any change to be brought about in the aforesaid interpretation which we have given to Section 19(1) (a) that a foreign registration cannot be a ground for seeking cancellation of an Indian registration. FAO (OS) No.458/2009 Page 16 of 67 8(i).

What we are stating is actually the design which is registered abroad in fact becomes a design registered in India on complying of the requirement of making the application within six months in India from the date of the application being made in the convention country abroad, and therefore, the design registered abroad becomes a design registered in India with an earlier priority date being the earlier date of the application made abroad, and thereby foreign registered design on becoming an Indian registered design is therefore an Indian registered design for seeking cancellation of a design registered in India having a subsequent priority date. Section 19(1)(a) accordingly sufficiently provides for this when it talks of cancellation of one design subsequently registered in India when there exists a previously design FAO (OS) No.458/2009 Page 18 of 67 registered in India. Therefore, the language of Section 44(1) does not bring about, nor

is required to bring about, any widening of the sweep of Section 19(1)(a) for including within Section 19(1)(a) cancellation of an Indian registered design on account of a registered design in a convention country abroad.

8(ii). Issue No.1 is answered accordingly by holding that Section 19(1)(a) of the Act has to be interpreted literally, and only a previously registered Indian design can be a ground for cancellation of subsequently registered design in India, and a foreign registered design cannot under Section 19(1)(a) be a ground for seeking cancellation of a design registered in India. Of course, the issue of a design registered abroad, subject to its prior publication, can be under certain circumstances a basis of cancellation of a design which is registered in India, however, that is a subject matter of Section 19(1)(b) and not 19(1)(a), which aspect we will deal with while taking up issue Nos.3 and 4 of para 2 above. Effect of failing to apply in India for registration within six months of making of an application abroad.

9. The language of sub-Sections (1) and (2) of Section 44 leaves no manner of doubt that if any person who has applied for registration in a FAO (OS) No.458/2009 Page 19 of 67 convention country abroad fails to make an application for registration of the design registered abroad in India within six months of having made the application abroad in a convention country, then in such a case the said person who has registered his design abroad will lose his entitlement to priority which is claimed on the basis of date of application made in a convention country abroad, and the date of registration in such a case of having made an application after six months in India would be the date of the application made in India (and which is after the six months period of the date of the application made abroad) with the consequent effect that in the meanwhile if there is registration of a similar/same design in India in the six months period (or till the foreign owner makes an application in India) then such Indian applicant will then get priority to the application of the owner of the foreign registered design made after the six months period of the date of application made in a convention country abroad. Thus, such registration of a foreign registered design after the six months period will become a design which is to be taken as a subsequently registered in India to a design which is registered in India on an application being made in the interregnum six months period, and therefore, the foreign registered design cannot be a ground for cancellation of an Indian registered design under Section 19(1)(a) FAO (OS) No.458/2009 Page 20 of 67 because the foreign registered design will have the date of application for registration not as the priority date of an application made abroad in a convention country but will only be of that date which is the date of application made in India for registration being a date after the six months period of the application made abroad for registration of the design.

10. Thus issue No.2 is answered by holding that a person who fails to apply in India within six months of making of an application in a convention country abroad, then,

such an owner of a foreign registered design, though would have appropriate entitlement in the convention country in which registration is applied and granted, however, in India the registration in a convention country abroad will have no effect of destroying the priority date of an application made for registration in India within the interregnum six months period. Putting it differently, whereas the foreign registered design owner in the convention country in which his design is registered may take necessary action in such foreign country on the basis of registration if the Indian registered owner of the design seeks to sell articles in that country in which the design is registered by the foreigner, however, in India, it will be the Indian registered owner who will be entitled to bring an action for infringement of the design under Section 22 of the Act. Of FAO (OS) No.458/2009 Page 21 of 67 course, we must hasten to add that if there is prior publication abroad before the registration in India by a third party, then in such a case the foreign registered holder will be able to challenge the registration in India i.e in effect, both the Indian registered design owner and the foreign registered design owner can simultaneously market their products in India with the design, and none of them can successfully maintain an action for infringement under the Act. Meaning of prior publication under Sections 19(1)(b) read with Section 4(b) and whether documents existing in the record of Registrar of Designs in a convention country abroad which are open to public inspection results in prior publication:

11. The expressions 'published' or 'publication' are not defined in the Act. Let us therefore see what should be the meaning which should be ascribed to the expression published or publication. When we use such expressions qua published or publication in paper form or by depiction in any form which is visible to naked eye without the same having been put in the form of an article. We have already in this regard reproduced the definition of design as per Section 2(d) of the Act and the definition of expression original as per Section 2(g) of the Act above, and which sections will be of relevance for discussion of publication.

(ii) When we read the definition of a design under Section 2(d) we find that there are inter alia four important aspects in the same. The first aspect is that the design is a design which is meant to produce an article as per the FAO (OS) No.458/2009 Page 23 of 67 design by an industrial process or means. The second aspect is that design is not the article itself but the conceptual design containing the features of a shape, configuration, pattern, composition of lines etc. Third aspect is the judging of the design which is to be put in the form of finished article solely by the eye. Fourthly, the design which is the subject matter of the Act is not an artistic work which falls under the Copyright Act or a trademark which falls under the Trademarks Act.

(iii) More clarity is given to the meaning of the word design when we look at the definition of original as found under Section 2(g). The definition of the expression original shows that the design though is not new because such design exists in public

domain and is otherwise well-known, however, the design is original because it is new in its application i.e., new in its application to a specific article. Therefore, for seeking registration under the Act it is not necessary that the design must be totally new, and it is enough that the existing design is applied in a new manner i.e., to an article to which that design has not been applied before.

(iv) So far as the expression new is concerned, it is well known i.e., it is something which comes into existence for the first time and therefore a new FAO (OS) No.458/2009 Page 24 of 67 design which comes into existence for the first time obviously will be entitled to copyright protection.

13(i). When we see the provision of Section 4(b) we find that a design which is already disclosed by publication in India or abroad will not be registered, however, the bar for registration of a design which is disclosed to the public in India or abroad is accompanied by the language which requires publication in a tangible form or by use or in any other way. It is this language and the fascicle of expressions tangible form or use or in any other way which requires to be understood and interpreted so as to understand the meaning of the word publication.

(ii) So far as the expression by use is concerned, there would be no difficulty because obviously use of the design would be by translating the same into a finished article by an industrial process or means. The real difficulty which arises actually is qua the expressions tangible form or in any other way. These two expressions on a normal literal interpretation are much wider than the expression use (the design having been translated to an article). Publication in a paper form or publication as being visible to the naked eye without the same having been put on an article is very much otherwise included in these wide expressions. The question thus is to what FAO (OS) No.458/2009 Page 25 of 67 extent should there be publication for the same to be in tangible form or in any other way for being included within the language of publication as found in Sections 4(b) and 19(1)(b). Before we answer this question, we would however like to refer to the ratios of the judgments in the cases of Gopal Glass Works and Dabur India Ltd. cases.

14. In Gopal Glass Works' case, the design in question was registered in India with respect to glass. The owner of the design registered in India had purchased it from a German company. However, the design which was sold to the Indian owner was also found to be registered in the name of one other company M/s. Vegla Vereinigte Glasswerke GMBH in UK. Though from the illustration in the form of drawings downloaded from the website of United Kingdom Patent Office depicted the design that may be applied to glass sheets, however, two important conclusions are made clear from the reading of the judgment and which are that firstly that the patterns found in the design registered in the UK Patent Office may be the same but the illustrations did

not give the same visual effect for being understood and applied to the article. The judgment in the case of Gopal Glass Works has laid emphasis on applying of the design to an article in terms of the definition of design under Section

2(d) of the Act, and on FAO (OS) No.458/2009 Page 26 of 67 account of lack of factual clarification and evidence led by the person who opposed the Indian owner of the registered design it was held that it cannot be said in the facts of that case that mere existence of papers downloaded from the UK Patent Office will not amount to prior publication. It was accordingly held that not only the papers downloaded from the UK Patent Office did not have necessary clarity for being applied to any article, but also there was no evidence of manufacture of glass sheets by anyone with the design in question. Secondly, admittedly at no point of time even though the design was registered in the UK Patent Office, there was ever any manufacture of glass sheets by anyone other than the Indian registered design owner.

15. A reading of the aforesaid paras shows that the following ratio can be culled out from the judgment in Gopal Glass Works' case:-

(i) The issue of originality of design has to be necessarily looked at in terms of the article to which it applies and there may be lack of clarity as to existence of prior publication unless the publication is totally clear i.e. it is FAO (OS) No.458/2009 Page 32 of 67 only completely understood for its effect only when the same is actually put on the article.

(ii) Primacy was given to the Indian registered design because the design which was registered in the U.K Patent Office was never used qua the article in question viz the glass sheet and the documents downloaded from the internet of the U.K. Patent Office could not be said to have much clarity for being treated as a prior publication qua the specific article in question viz the glass sheet.

(iii) A foreign registered design cannot be the basis for cancellation under Section

19(1)(a) of a design registered in India unless there is application of a design to an article which is put into public domain/use or unless there would have been complete and sufficient clarity in the documents downloaded through internet from the U.K. Patent Office that it can be held that there is a clear cut clarity qua prior publication.

(iv) In the facts of that case since there was no clarity from the design downloaded from U.K Patent office it was held that there was no prior publication.

16. Besides the aforesaid ratio, it needs to be noted on the reading of the judgment in Gopal Glass Works that though there are observations FAO (OS) No.458/2009 Page 33 of 67 when such observations are read only in a particular para of the judgment or only in a particular line of a judgment, then, there may be an indication that existence of registration in a foreign country would not be a ground to hold prior publication,

however, when such observations are read in context of entire judgment it was found that those observations are made in the facts of the case because there was lack of sufficient clarity and evidence of what actually was the depiction and the effect of the design registered in U.K Patent Office qua the specific article in question being the glass sheets. Also, the observations of lack of prior publication in facts of that case were made with respect to a design having to be put on an article as differentiated from lack of clarity in a design merely by the same existing in public records, because in the facts of that case the design registered abroad had not been put in use in glass sheets.

18. We have extensively quoted the reasoning and ratio in the case of Gopal Glass Works and various facets and factual matrix which led to the conclusion. It will not be correct to read only few paragraphs of the judgment in isolation. In the case of Gopal Glass Works, the Court took into consideration several aspects before reaching its conclusions and para 40 contains one of the aspects. The Division Bench of this Court in its decision in case of Dabur India Ltd. has referred to only paras 39 and 40 of FAO (OS) No.458/2009 Page 36 of 67 Gopal Glass Works' case. It is therefore

necessary to clarify and elucidate upon the expression publication as dilated upon in the case of Gopal Glass Works and to what extent and when the registration abroad will result in publication abroad which is specifically covered in Sections 4(b) and 19(1)(b) of the 2000 Act.

19(i) In our opinion the expression tangible form refers to a specific physical form or shape as applied to an article and not the mere ability to replicate, convert and give a physical shape to the design, though of course to fall under the expression tangible form it is not necessary that the article should have been used, but the expression in any other way takes some of its colour from the words used or tangible form. The principle of *Nositur a Sociis* will be applicable. Section 4(b) therefore, not only, requires publication but it should be publication by use, in tangible form or in any other way. The expression any other way here is wider in context and takes into its ambit a design which has been created though not still put to use or exists in tangible form but at the same time it is guided by the words "use" and "tangible form". Thus, to disqualify a claim for registration or cancel registration of a design in India, the publication abroad should be by use, in tangible form, or in some other way, means that the FAO (OS) No.458/2009 Page 37 of 67 design should not be a factum on paper/document alone, but further that the design on paper should be recognizable i.e. have the same impact in the public as a furnished article will appeal when judged solely by the eye (see Section 2(d)). Putting it differently if the design is on paper then it must exist upon a piece of paper in such a way that the shape or other features of the article are made clear to the eye. The visual impact should be similar to when we see the design on a physical object i.e. an object in tangible form/in use. As noted otherwise in the present judgment, registration of a design is article specific and thus-depending on the facts of each case registration or

publication of design of a particular article may or may not necessarily result in rejection or cancellation of registration of the same or similar design on another article. The Act protects the original artistic effort not in form of an idea or on its own as an artistic work, but is an embodiment in a commercially produced artefact. Thus the primary concern is what the finished article is to look like. [see observations of the Supreme Court in *Bharat Das Tools Ltd. (infra)*].

(ii) Registration in a foreign country is one aspect but what can entail rejection of an application for registration in India or cancellation of registration in India, is prior publication and not registration ipso facto in a FAO (OS) No.458/2009 Page 38 of 67 foreign country. Moreover, such publication should be of the nature delineated in sub-section 4(b). Registration abroad per se cannot be a ground for cancellation or rejection of a design in India but the registration in India can be impugned if the design is not "new and original" or is already published abroad as stipulated in Section 4(b). In some cases of registration abroad, the same not by itself a ground for rejection/cancellation in India, yet can lead to cancellation if it can be shown and proved that the claim in India is not "new and original" as there was publication abroad and which publication abroad is a publication within the meaning of Section 4(b). In such cases registration can be refused or cancelled. New, original or novelty of the pattern or design when replicated or applied or fully understood by the eye for being applied to an article is a sine qua non to avail and get benefit of the rights under the Act. This underlying principle is accentuated as well as protected when Section 4(b) and 19 stipulate and provide for rejection/cancellation of registration of a design which has been published in any country prior in point of time. Though publication in India or abroad are enlisted as separate grounds under

Section 4 and 19 of the Act, they are in a way interlinked and intertwined with the FAO (OS) No.458/2009 Page 39 of 67 question of whether design is new or original for determining the meaning of "design" as understood and as defined in Section 2(d) of the Act.

(iii) Registration abroad is one aspect and publication abroad in terms of Section 4(b) is another aspect. There can be and will be cases when registration abroad, may have resulted in publication of a design as stipulated in Section 4(b). In such cases there would be publication abroad, not because the design is registered abroad but because the conditions mentioned in Section 4(b) are satisfied. The observations of the Division Bench in *Dabur India Ltd.'s* case cannot be read to mean that though conditions of Section 4(b) are satisfied, the registration of design cannot or should not be cancelled although the design has been registered abroad. Registration abroad and publication abroad are two distinct parameters, each having their own consequences. When registration abroad results in publication under Section 4(b), the said provision gets attracted and necessary consequences as envisaged in Section 4 and 19 will follow.

20. In our opinion, most of the confusion or lack of clarity qua the meaning of the words "published" or "publication" will be removed when we refer to the judgment of the Supreme Court in the case of *Bharat Das Tools Ltd. vs. Gopal Glass Work's Ltd.*, 2008 (10) SCC 657. This FAO (OS) No.458/2009 Page 40 of 67 judgment of the Supreme Court is the judgment which has been passed in an appeal against the judgment of the learned Single Judge of the Calcutta High Court in *Gopal Glass Work's* case. A reference to various paragraphs of the Supreme Court's judgment shows that the Supreme Court has taken note of the fact that though design is specifically qua an article, however, publication of a design in a paper form, may amount to prior publication, however, each case has to be necessarily seen and decided as per the facts of that case. The facts of each case must show sufficient amount of clarity qua the design which must necessarily exist in a public record of a Registrar of Designs Office and must have sufficient clarity attached to them before the same can be treated as prior publication. Therefore, really the issue is no longer *res integra* as to meaning of word "published" or "publication" as found in Sections 19(1)(b) and 4(b) of the Act because Supreme Court has held that existence of documents in public record such as the Office of the Registrar of Designs, will or will not, depending on facts of each particular case be evidence of prior publication. At this stage, it would be relevant to refer to the relevant paras of the judgment of the Supreme Court in the case of *Bharat Das Tools Ltd.* and which paras 26, 27, 28, 29, 30, 31, 32, 33, 35, 36, 37, 41, 45, 46 and 47 read as under:

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"26. In fact, the sole purpose of this Act is protection of the intellectual property right of the original design for a period of ten years or whatever further period extendable. The object behind this enactment is to benefit the person for his research and labour put in by him to evolve the new and original design. This is the sole aim of enacting this Act. It has also laid down that if design is not new or original or published previously then such design should not be registered. It further lays down that if it has been disclosed to the public anywhere in India or in any other country by publication in tangible form or by use or in any other way prior to the filing date, or where applicable, the priority date of the application for registration then such design will not be registered or if it is found that it is not significantly distinguishable from known designs or combination of known designs, then such designs shall not be registered. It also provides that registration can be cancelled under Section 19 of the Act if proper application is filed before the competent authority i.e. the Controller that the design has been previously registered in India or published in India or in any other country prior to the date of registration, or that the design is not a new or original design or that the design is not registerable under this Act or that it is not a design as defined in Clause (d) of Section 2. The Controller after hearing both the parties if satisfied that the design

is not new or original or that it has already been registered or if it is not registerable, cancel such registration and aggrieved against that order, appeal shall lie to the High Court. These prohibitions have been engrafted so as to protect the original person who has designed a new one by virtue of his own efforts by researching for a long time. The new and original design when registered is for a period of ten years. Such original design which is new and which has not been available in the country or has not been previously registered or has not been published in India or in any other country prior to the date of registration shall be protected for a period of ten years. Therefore, it is in the nature of protection of the intellectual property right. This was the purpose as is evident from the statement of objects and reasons and from various provisions of the Act. In this background, we have to examine whether the design which was registered on the application filed by FAO (OS) No.458/2009 Page 42 of 67 the respondent herein can be cancelled or not on the basis of the application filed by the appellant. In this connection, the law of Copyright and Industrial Designs by P.Narayanan (Fourth Edition), Para 27.01 needs to be quoted.

"27.01. Object of registration of designs. The protection given by the law relating to designs to those who produce new and original designs, is primarily to advance industries, and keep them at a high level of competitive progress. The object of design registration is to see that the originator of a profitable design is not deprived of his reward by others applying it to their goods. The purpose of the Designs Act is to protect novel designs devised to be applied to (or in other words, to govern the shape and configuration of) particular articles to be manufactured and marketed commercially.

It is not to protect principles of operation or invention which, if profitable at all, ought to be made the subject-matter of a patent. Nor is it to prevent the copying of the direct product of original artistic effort in producing a drawing. Indeed the whole purpose of a design is that it shall not stand on its own as an artistic work but shall be copied by embodiment in a commercially produced artefact. Thus the primary concern, is what the finished article is to look like and not with what it does and the monopoly provided for the proprietor is effected by according not, as in the case of FAO (OS) No.458/2009 Page 43 of 67 ordinary copyright, a right to prevent direct reproduction of the image registered as the design but the right, over a much more limited period, to prevent the manufacture and sale of article of a design not substantially different from the registered design. The emphasis therefore is upon the visual image conveyed by the manufactured article." The history of this definition has been detailed by Russel- Clarke and Howe on Industrial Designs (Seventh Edition) at para 3.11 at page 74 which reads as under:

3-11. This definition contains a cumulative series of requirements, many of which have been the subject of judicial decision and analysis. The historical process by which this definition has evolved is of importance to its present day interpretation and application. Some of the more important embellishments to the definition, such as those dealing

with eye appeal and methods or principles of construction, have found their way into the pre-2001 statutory definition as a result of the explicit adoption such requirements were held to be implicit in the earlier and less elaborate statutory definitions of "design". This manifests an intention by the legislature to adopt and make explicit the principles developed in those cases.

3.13. The words of the section are: "...design means features of shape configuration, pattern or ornament applied to an article...." Thus a registrable design, as defined by the RDA (A), must have reference to some specific article to which it is to be applied. The design to be registered "is a shape, configuration or pattern to be applied a particular specified article". It can be readily seen that a particular pattern of surface ornamentation could be applied to wide range of FAO (OS) No.458/2009 Page 48 of 67 different articles. An application for registration was not in respect of the pattern as such, but in respect of its application to the specific article named. If it was desired to register the same design, e.g. a surface pattern or decoration, in respect of a series of different articles (apart from the special case of articles which together form a set), then a separate application had to be made in respect of each article, and each application to register was numbered separately and treated as a separate and distinct application. In the case of designs consisting of features of shape or configuration, there may of course be cases where the design is intrinsically applicable only to a specific kind of article. The article itself does not, however, constitute the design. In *Dover v. Nurnberger Celluloid Waren Fabrik Gebruder Wolff*, Buckley L.J. said: Design means, therefore, a conception or suggestion or idea of a shape or of a picture or of a device or of some arrangement which can be applied to an article by some manual, mechanical or chemical means. It is a conception, suggestion, or idea, and not an article, which is the thing capable of being registered. It is a suggestion of form or ornament to be applied to a physical body. [*Pugh v. Riely Cycle Co Ltd. (1912) 29 R.P.C. 196*]. Accordingly, it is submitted that a design is an idea or conception as to features of shape, configuration, pattern or ornament applied to an article. Although that idea, while still in the author's head, may be potentially capable of registration, in fact it must be reduced to visible form to be identifiable, and until it is so reduced there is nothing capable of registration, It may be so rendered either by its being embodied in the actual article, or by its being placed upon a piece of paper in such a way that the shape or FAO (OS) No.458/2009 Page 49 of 67 other features of the article to be made are clear to the eye. Whenever the means of identification (under some of the old Acts, provision was made whereby a mere verbal description could in some cases be accepted as sufficient), as soon as the idea is reduced to a form which is identifiable, there is something which is a "design", and which, if new or original, may be registrable."

36. Similarly our attention was also invited to para 27.07 of the law of Copyright and Industrial Designs by P. Narayanan (Fourth Edition) which reads as under:

"27.07. Design as a conception or idea "Design means a conception or suggestion or idea of a shape or of a picture or of a device or of some arrangement which can be applied to an article by some manual, mechanical or chemical means mentioned in the definition clause. It is a suggestion of form or ornament to be applied to a physical body". It is a conception, suggestion or idea, and not an article, which is the thing capable of being registered. It may be according to the definition clause, be applicable to any article whether for the pattern or for the shape or configuration or for the ornament thereof (that is to say of the article) or for any two or more of such purposes. The design, therefore, is not the article, but is the conception, suggestion, or idea of a shape, picture, device or arrangement which is to be applied to the article, by some one of the means to be applied to a physical body. A design capable of registration cannot consist of a mere conception of the features mentioned in the definition, or in the case of an article in three dimensions, of a representation of such features in two dimensions. It must, in such a case, in order to comply with the definition, consist of the features as they appear in the article to which they have been applied by some industrial process or means. An applicant for registration of a design has to produce a pictorial illustration
FAO (OS) No.458/2009 Page 50 of 67 of the idea or suggestion which he has to establish as new or original;" Therefore, the concept of design is that a particular figure conceived by its designer in his mind and it is reproduced in some identifiable manner and it is sought to be applied to an article. Therefore, whenever registration is required then those configurations have to be chosen for registration to be reproduced in any article. The idea is that the design has to be registered which is sought to be reproduced on any article. Therefore, both the things are required to go together, i.e., the design and the design which is to be applied to an article.

21. We have reproduced a large number of paragraphs both of the judgments, of the learned Single Judge in Gopal Glass work's case, and of the Supreme Court in the appeal from the judgment of Gopal Glass Work's case in Bharat Das Tools Ltd. because, it is only on the reading of these paras it becomes clear that the Supreme Court in no manner laid down an absolute rule that there can never be prior publication although in the public record of the Registrar of Design abroad a particular design is found to be registered. The Supreme Court in fact has specifically held that facts in each case have to be very minutely examined and Courts have to be extremely cautious by thoroughly scrutinizing the evidence in each case for deciding whether the public record available in Registrar of Design abroad could or could not be taken as prior publication, and in the peculiar facts of the case before the Supreme Court when we refer to paragraphs 45 to 47 it becomes clear that the Supreme Court approved the view of the learned Single Judge of the Calcutta High Court in Gopal Glass Work's case because even the Supreme Court found that sufficient evidence was not led on behalf of the objector to the registered design and that the documents downloaded through internet from the website of U.K. Patent Office did not add that amount of FAO (OS) No.458/2009 Page 55 of

67 clarity for the same to be said to be prior publication for seeking cancellation on the basis of such alleged prior publication of a design registered in India.

22. What has been observed by the Supreme Court in the case of Bharat Das Tools Ltd. is reinforced by the following paragraphs of Russell-Clarke and Howe on Industrial Designs VIIIth Edition:

What counts as "published" for the purpose of calling into 3-097 question the novelty of a later design registration? This is broader than the word at first suggests. It is by no means limited to the publishing of a design in a printed publication, although it includes that. In practical terms, there are two main ways in which a design can be published: by prior use of the design, by selling or displaying to the public articles to which the design has been applied; and by paper publications of one sort or another.

It is not, in fact, necessary that publication should be on paper; an oral disclosure, provided it is non-confidential, will amount to publication. Re-registration of the same design for different articles, or a similar design for same or different articles A special exception existed to the general rule that the novelty 3-105 of a design will be destroyed by the prior registration or publication of that design as applied to any kind of article. By S.4(1) of the RDA(A), the proprietor of a registered design was entitled to apply for registration of the same design, or a design with modifications or variations not sufficient to affect its identity, in respect of another article. His own previous FAO (OS) No.458/2009 Page 56 of 67 registration, or the publication of his design as registered, does not then destroy the novelty of his new design registration in respect of the new article, but his term of protection is limited to the term of the original design. This, in effect, gave the proprietor of a design registration the ability to extend the scope of the registration during its lifetime to cover further articles, although in formal terms each application to protect his design on a new article will be a separate application leading to a separate design registration. It appears that his application for registration of the design on the new article must precede his actual use of the design on the new article. This is because, if he uses the design on an article which falls outside the scope of his earlier registration, then that will not 3-106 count as a publication "of the registered design", which is all that s.4(1) of the RDA(A) shields him against as regards the novelty of his new application. A person who makes an application to register a design and finds that it has previously been registered in respect of a different article was allowed to buy up the earlier design registration while his own application was still pending, and if 3-107 he did so he could take advantage of this rule in the same way as if he had himself been the owner of the earlier registration all along. The same rule applied to the registration (whether in respect of the same article or a different article) of a design which is not exactly the same as the earlier registered design, but has "modifications or variations not sufficient to alter the character or substantially to affect the identity thereof". However, this provision has been interpreted narrowly so that

practically any significant change or difference between the earlier and later design will destroy the protective effect of this provision. For an applicant to rely on s.4(1)(b), the subject of his application must have substantial identity with his prior published design. FAO (OS) No.458/2009 Page 57 of 67.

In Sebel Ltd's Application (No.1), it was held that substitution in the old design of a different stand did substantially alter the identity of the article (a rocking horse), and that the subsection did not apply. Since the stand had already been published in an advertisement showing it applied to another horse, it was held that design failed to qualify for novelty under s.1, the said stand being a mere trade variant. In Sebel Ltd's Application (No.2), a design was held not to fall within s.4 because the character of the design was different from the character of the applicants earlier design. Thus it seems that the applicants own earlier design may be sufficiently similar to destroy the novelty of his later application for protection of his modified design, and yet too different to allow him to take advantage of 3-108 the protection of RDA(A) s.4(1). This is an odd and unfortunate result if it is indeed correct.

Publication in documents in cases of publication of a design by prior use as applied to an article, normally the only questions which arise are whether it has been published at all (i.e. whether the articles to which it has been applied have been disclosed to the public), and whether the design is similar enough to the design in suit to destroy the latter novelty. But where the novelty of a design is tested against a prior published document, a number of 3-109 additional questions can arise which do not arise in the case of a prior use. First, it may not be clear whether or not the document discloses a design as applied to an article at all. A trade catalogue containing photographs or illustrations of articles to which a design has been applied may be a clear enough case. FAO (OS) No.458/2009 Page 58 of 67 But the publication in a document of a pattern or picture does 3-110 not as such destroy the novelty of a design which consists of applying that pattern or picture to an article. For it to destroy the novelty of such a design, the paper publication must suggest explicitly or implicitly by context that the pattern or picture should be applied to an article. Secondly, the pattern (if it is two-dimensional) or shape (if it is three-dimensional) of the design may not be clear from the document. Particularly in a case where it involves a written description rather than an explicit picture or illustration, there 3-111 may be room for argument as to the precise nature of the design which the document discloses, before one can go on to ask whether or not it is similar enough to the later design to destroy novelty. Thirdly, a paper publication may be shielded from destroying the novelty of a later design registration by the special provisions of subs.6(4)-(5) of the RDA(A). These provisions allowed the owner of copyright in an artistic work to exploit his work so long as he did not apply it industrially to 3-118 an article, without his own exploitation of it counting against the novelty of his own later application for a design registration covering the

artistic work as applied to an article. Does the document disclose a design applied to an article? In order to destroy the novelty of a design registration, an earlier design must be published "in respect of the same or any other article". Mere publication of the pattern which constitutes the design was therefore not sufficient to destroy the novelty of a design registration, which consisted of the application of that pattern to an article. In principle, the same FAO (OS) No.458/2009 Page 59 of 67 holds true of the publication of a shape, although it is less easy to envisage cases where the publication of a shape does not implicitly convey the article to which that shape is to be applied. Thus, novelty may reside in the application of an old shape or pattern to new subject-matter. This was first laid down in the leading case of *Saunders v Wiel*. There, the 3-119 design consisted of the handle of a spoon made to represent Westminster Abbey seen from a particular point of view. The design had actually been copied from a photograph of the Abbey. The validity of the design was upheld, Bowen L.J. saying "It seems to me that the novelty and originality in the design, within this section, is not destroyed by its being taken from a source common to mankind...The novelty may consist in the applicability to the article of manufacture of a drawing or design which is taken from a source to which all the world may resort. Otherwise, it would be impossible to take any natural or artistic object and to reduce it into a design applicable to an article of manufacture, without also having this consequence following, that you could not do it at all in the first place unless you were to alter the design so as not to represent exactly the original; otherwise there would be no novelty in it, because it would be said that the thing which was taken was not new. You could not take a tree and put it on a spoon, unless you drew the tree in some shape in which a tree never grew, nor an elephant unless you drew it and carved it of a kind which had never been seen. An illustration, it seems to me, that may be taken about this is what we all know as the Apostles spoons. The figures of the Apostles are figures 3-120 which have been embodied in sacred art for centuries, and there is nothing new in taking the figures of the Apostles, but the novelty of applying the figures of the Apostles to spoons was in contriving to design the Apostles figures so that they FAO (OS) No.458/2009 Page 60 of 67 should be applicable to that particular subject-matter. How does a building differ from that? In no sense it seems to me. It should be recalled that under the 1949 Act, if a pattern (or shape) has been published in respect of any article, the publication will destroy the novelty of any design which consists of the application of that pattern (or shape) to an article of any kind, however different it is from the kind of article to which the publication suggests that the design should be applied. However, the publication will not invalidate such later design registrations if it does not suggest the application of the pattern (or shape) to an article at all. Thus, a series of pictures published in a fine art catalogue would not destroy the novelty of a later design consisting of the application of one of 3-121 those pictures to, say, the back of a chair, because a painting or picture simpliciter is not an "article". But the same pictures published in a catalogue

of patterns for application to wallpaper would destroy the novelty of such a later design registration, because wallpaper is an article. What design is disclosed by a prior published document? Assuming that a prior published document does satisfy the requirement that it discloses a design, i.e. a shape or pattern, as applied or to be applied to an article, the next question may be what is the shape or pattern which it discloses? In some cases this will be clear, for instance where the publication contains explicit pictures or illustrations. However, it may be less clear and the disclosure may consist in whole or in part of written text which needs to be interpreted, or general instructions which can be put into practice in a variety of ways. In such cases the test to be applied is that borrowed from the hpre- 3-122 977 patent law of anticipation, i.e., that the prior art document must contain "clear and unmistakable directions" to make an article with the shape or pattern which is the same as , FAO (OS) No.458/2009 Page 61 of 67 or similar enough to the registered design in suit to deprive it of novelty. This was laid down in *Rosedale Associated Manufacturers Ltd v Airfix Ltd*. Lord Evershed M.R. said "In this respect the test of prior publication of an alleged invention should, in my judgment, be no less applicable in the case of a registered design, and as regards the former, I venture to cite once more the oft-quoted language of Lord Westbury in *Hills v Evans*: 'The antecedent statement must, in order to invalidate the sub-sequent patent, be such that a person of ordinary knowledge of the subject would at once perceive and understand and be able practically to apply the discovery without the necessity of making further experiments. By a like reasoning, to my mind, if a document is to constitute prior publication, then a reader of it, possessed 3-123 of ordinary knowledge of the subject, must from his reading of the document be able at least to see the design in his mind's eye and should not have to depend on his own originality to construct the design from the ideas which the document may put into his head.'" On the same point Romer L.J. said: "In *Flour Oxidising Co v Carr & Co* Parker J. (as he then was) said: Where the question is solely a question of prior publication it is not, in my opinion, enough to prove that an apparatus described in an earlier specification could have been used to produce this or that result. It must also be shown that the specification contains clear and unmistakable directions so to use it. These observations by Parker J. were cited with approval by Lord Dunedin in *British Thomson Houston Co v Metropolitan-Vickers Electrical Co*, and again (when FAO (OS) No.458/2009 Page 62 of 67 delivering the judgment of the Judicial Committee) in *Pope Alliance Corporation v Spanish River Pulp & Paper Mills, Ltd*. In the latter case and at the same page Lord Dunedin posed the test as follows: would a man who was grappling with the problem solved by the Patent attacked, and having no knowledge of that Patent, if he had had the alleged anticipation 3-124 in his hand, have said "that gives me what I wish"? It is true that these citations were related to anticipation of inventions, but it seems to me that they apply by analogy to alleged anticipation by "paper publications" of registered designs." It is not permissible to make a mosaic of a number of prior documents for the

purpose of attacking novelty. If the attack on novelty is to succeed, the design must be disclosed in the single prior document. If, however, one document contains a reference to another document, the two may be read together. 23. In view of the above discussion, the following conclusions in our opinion emerge:-

(i) Existence of a design registered abroad in a convention country is not a ground under Section 19(1)(a) for cancellation of a design registered in India.

(ii) The provision of Section 44 does not have the effect of changing the literal interpretation of Section 19(1)(a) inasmuch as under Section 44, the foreign registered design becomes an Indian registered design, although, the date of registration of the foreign registered design which is registered in India will relate back and have retrospective effect from the date of FAO (OS) No.458/2009 Page 63 of 67 application first made in the convention country abroad. Once, the foreign registered design becomes registered in India, the very fact that it is an Indian registered design it will be a previously registered design in India, and by virtue of the priority rule the same will be a ground for cancellation of a design subsequently registered in India on an application made after the date of the priority date given of the application made abroad for registration of the design in a convention country.

(iii) The benefit of foreign registered design after its registration in India for seeking cancellation of an Indian registered design under Section 19(1)(a) will only be available if the application for registration in India is made within six months of the date of the application made in the convention country abroad, notwithstanding there may be prior publication in this interregnum six month period.

(iv) In case, the application for registration in India is not made within the statutory permissible period of six months of having made the application abroad, then, the design registered in India in the meanwhile in six months period cannot be cancelled under Section 19(1)(a), though, the foreign registered design owner on proving of prior publication can have an effective defence to the infringement action filed by the Indian registered FAO (OS) No.458/2009 Page 64 of 67 design owner and which defence against an infringement action is available vide Section 22 relying on the ground of prior publication under Section 19(1)(b) read with Section 4(b) of the Act.

(v) What is publication is essentially a question of fact to be decided as per the evidence led in each case. Existence of a design in the publication record/office of a Registrar of design abroad may or may not depending on the facts of each case amount to prior publication and there would be prior publication only if the prior registered design is made public and has that much necessary clarity as applied to a specific article capable of judged by the visual appearance or the eye of the mind, that by use of the said knowledge and information in the public record of the Registrar of design office, an article can be made using that design which will be a piracy or violation of that design

i.e. putting it differently unless and until there is complete clarity and understanding to the naked eye or the eye of the mind of the foreign registered design as found in the public record of the Registrar of design qua a specific article, it cannot be said that such public record will amount to prior publication.

24. We therefore answer the reference that the ratio in the case of Dabur India Ltd. by the Division Bench of this Court that existence of FAO (OS) No.458/2009 Page 65 of 67 public record in the office of Registrar of design in a convention country abroad may or may not amount to prior publication inasmuch existence of a design in a public record of Registrar of design in a convention country abroad may or may not, depending on the facts of a particular case, amount or not amount to publication abroad, and which depends on the complete clarity available to the eye of the design found in the public record so that it can be said to be understood for being applied to a specific article. Each case has to be necessarily judged by putting the subject design with the articles side by side with the prior publication material and only after thoroughly scrutinizing the same any finding can be given of existence or non-existence of prior publication.

5. So far as the merits of the present case of existence of prior publication in the facts of the present case are concerned, we find that Division Bench has approved the decision of the learned Single Judge of existence of prior publication in the facts of the present case because the spatula in question was found in actual use prior to registration in India, and with respect to which the relevant observations are made by the Division Bench in paras 12 and 15 of the judgment/reference order of the Division Bench dated 8.10.2010. We may, of course, hasten to add that any FAO (OS) No.458/2009 Page 66 of 67 observations made in an interim order are always prima facie in nature and are made only for the purpose of disposing of an interim injunction, and the issue of prior publication in the facts of the present case will be finally decided uninfluenced by any observations qua the factual aspects made at the interim stage as to existence of the spatula abroad after evidence is led by both the parties in this case.

26. Let the parties appear before the learned Single Judge on 17th April, 2013 for further proceedings in the suit. VALMIKI J. MEHTA, J SANJIV KHANNA, J S.P. GARG, J MARCH 15, 2013 ib/Ne/ak FAO (OS)

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