

* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

+ **FAO(OS) No. 488/2010**

% Reserved on : 8th October, 2010

Pronounced on: 10th November, 2010

STOKELY VAN CAMP, INC. & ANR Appellants

Through: Mr. Maninder Singh, Senior
Advocate with Ms. Prathiba M.
Singh, Advocate and Mr.
Deepak Gogia, Advocate.

VERSUS

HEINZ INDIA PRIVATE LTD. Respondent

Through: Mr. Sudhir Chandra Agarwal,
Senior Advocate with Ms.
Anuradha Salhotra, Advocate,
Mr. Rahul Chaudhary,
Advocate, Ms. Bhavna Gandhi,
Advocate and Mr. Sumit
Wadhwa, Advocate.

CORAM:

HON'BLE MR. JUSTICE SANJAY KISHAN KAUL

HON'BLE MR. JUSTICE VALMIKI J. MEHTA

1. Whether the Reporters of local papers may be allowed to see the judgment?
2. To be referred to the Reporter or not?
3. Whether the judgment should be reported in the Digest?

JUDGMENT

VALMIKI J. MEHTA, J

1. The plaintiffs/appellants by means of the present appeal impugn the order dated 31.5.2010, passed by the learned Single

Judge of this Court, dismissing the I.A.No. 3646/2010 filed by the appellants/plaintiffs under Order 39 Rules 1 and 2 of the Code of Civil Procedure, 1908. By the application under Order 39 Rules 1 and 2, the appellants sought the relief for restraining the respondent/defendant from using mark/expression “Rehydrates Replenishes Recharges” or any other expression identical or deceptively similar to the plaintiffs’ said mark/expression in relation to any of the respondent’s products including beverages, health drinks etc. The application for injunction was filed in a suit claiming infringement of the registered trademark of the plaintiffs’ “Rehydrates, Replenishes, Recharges”. The suit also claimed reliefs of injunction with respect to passing off, unfair competition, dilution and damages etc. The arguments in the appeal have however been confined to the issue of infringement.

2. The appellants are manufacturing and selling the sports drink “Getorade” and for which it uses the expression “Rehydrates, Replenishes Refuel”. The sales turnover of “Getorade” in India has been given in the plaint for the years 2007 to 2009. In 2007, the appellants reportedly achieved a turnover of Rs.6.20 crores which in 2008 is said to have gone up to Rs.8 crores. In 2009, however, the turnover seems to have dipped to Rs. 6.7 crores. There is also a reference to the advertisement spends of the appellants between 2005 and 2009.

From an advertisement expense of Rs.40 lacs incurred in 2005, the annual expenditure which went up to Rs.5.20 crores in 2007 only to come down to Rs.2 crores in 2008, and then again go up to Rs.2.70 crores in 2009.

3. It is claimed that in fact the appellants have used the mark in India since the year 2004 with respect to its drink “Getorade”. It is stated that the appellant no.1 is the registered proprietor of the trademark “Rehydrates, Replenishes and Refuel” in India and also various other countries.

4. It was alleged that the respondent/defendant is using a deceptively similar expression in respect to its energy drink “Glucon D Isotonik” which was launched in February, 2010. The respondent used the expression “Rehydrates Fluids; Replenishes Vital Salts; and Recharge Glucose”. This expression is said to be deceptively similar to the appellants’ mark/expression.

5. The present case was argued along with FAO(OS) No. 352/2010 titled as **Marico Ltd. Vs. Agro Tech Food Ltd.** and where same and related issues were involved. We have on 1.11.2010 delivered the judgment in **Marico’s** case. Since the present appeal is fully covered by the decision in the case of **Marico Ltd.**, we would, at this stage, reproduce the conclusions arrived at in the said judgment and which are as under:-

“21. The following conclusions thus emerge:-

(i) A mark which is sought to be used as a trade mark, if, is one falling under Section 9(1)(a) to (c), then the same ordinarily ought not to be afforded protection as a trade mark.

(ii) Before the marks which fall under Section 9(1) (a) to (c) are given protection as a trade mark, the distinctiveness must of an undisturbed user of a very large/considerable number of years, with the emphasis being on discouragement on appropriation of such marks which fall under Section 9(1) (a) to (c).

(iii) A civil court in a suit filed for infringement of a registered trade mark is entitled (if there is no earlier judgment which has achieved finality in cancellation proceedings) to consider the validity of registration for the purpose of passing an interlocutory order including of grant or refusal of an interim injunction- once the objection as to invalidity of registration is taken up in the pleading/written statement.

(iv) A trademark which falls under Section 9(1) (a) to (c) cannot be registered on proposed to be used basis. Evidence on distinctiveness with respect to trade marks falling under Section 9(1) (a) to (c) should be the evidence of user evidencing distinctiveness as on the date of application for registration or at the best of evidence up to the date of registration.

(v) In infringement actions the court is entitled to consider the evidence of distinctiveness up to the date of registration for the purpose of passing any interlocutory order and not evidence showing distinctiveness post registration. However, in cancellation proceedings evidence of distinctiveness post registration of the trade mark can also be considered.

(vi) Even if there is finality to registration of a trade mark even then the defendant in infringement action can take statutory defences under Sections 30 to 35 to defeat the infringement action. “

In order to avoid prolixity we are not reproducing the detailed reasoning in support of the conclusions and which are given in the above judgment dated 1.11.2010 in the **Marico's** case.

6. Before this court, on behalf of the appellants, the following propositions were urged:-

(i) The courts generally are reticent in upholding the plea of invalidity of registration during the stage of hearing of an injunction application.

(ii) The courts look with this favour the use by the defendant of a registered trademark of the plaintiff.

(iii) With respect to the slogans and registered trademarks when the defendant can use alternatives, the defendant must do so otherwise its action will lack commercial honesty. The actions of a defendant would be dishonest unless it uses the descriptive words in an insignificant way as part of a sentence only.

Various incidental arguments have also been urged. The various sections of the Trade Marks Act, 1999 (hereinafter referred to as the 'said Act') which were relied upon by the parties in the present case are the same as have been referred to extensively in the case of **Marico Ltd.**, and accordingly, we are not reproducing the said sections in the present judgment. The counsel for the appellants, in addition to sections referred to in

the case of **Marico** placed strong reliance upon Sections 29(7) and (8) as also Section 2(2) (c) (i) of the said Act. In our opinion, reference to these sections cannot in any manner change the conclusions which we have arrived in **Marico's** case.

7. A relevant para giving the reasoning with respect to the some of the conclusions is para 13 of **Marico's** judgment and which reads as under:

"13. A reading of the aforesaid sections taken together show that:

A trademark is ordinarily used in relation to goods of a manufacturer. A trademark can be registered but ordinarily registration is not granted if the mark falls under sub-sections 1(a) to 1(c) of Section 9. The proviso however, provides for entitlement to registration although ordinarily not permissible under Sections 9 (1) (a) to (c), provided that the mark has acquired a distinctive character as a result of its use prior to registration or is otherwise a well known trademark. Registration is only prima facie evidence of its validity and the presumption of prima facie validity of registration is only a rebuttable presumption, see para 31 of **N.R. Dongre Vs. Whirlpool Corp. 1995 (34) DRJ 109 (DB)**. The right conferred by registration for exclusive use of the trademark in relation to goods is if the registration is valid and which flows from the expression "if valid" occurring in Section 28. The expression "if valid" has been inserted for the purpose that post registration an aggrieved person is entitled to apply for cancellation under Section 57 of the Act even if no suit is filed alleging infringement of the registered trademark. In case a suit is instituted, the court, once there is already a pending action seeking cancellation of the trademark, will stay the suit till the final disposal of the cancellation/rectification proceedings. The court however is still entitled to, in spite of registration, pass any interlocutory order as it deems fit, including but not limited to, granting the injunction or dismissing the

prayer for injunction. If no cancellation proceedings are pending as on the date of filing of a suit for infringement if the court is satisfied with regard to the plea of invalidity of registration (this language of Section 124(1) (a) (i) co-relates to the expression “if valid” as occurring in Section 28) then the court may raise an issue in the suit and adjourn the case for three months after framing the issues in order to enable the defendant to apply to the Appellate Board for rectification of the register. Even in the circumstances where the court stays the suit for three months and permits a party to apply for cancellation/rectification, the court can pass any interlocutory order as it thinks fit under sub-section 5 of Section 124.

In view of the co-relation between Section 28 and different sub-sections of Section 124, it becomes clear that the entitlement to claim invalidity of registration on the ground of the expression “if valid” as found under Section 28 only arises if the defendant in his written statement in a suit alleging infringement of a registered trademark takes up the plea with respect to registration of trademark being “invalid” or has already applied for cancellation of the registered trademark before the suit alleging infringement is filed.

Section 29 entitles an action being filed for infringement of a registered trademark against an identical, nearly identical or deceptively similar trademark used in relation to the same goods in respect of which the trademark is registered or to similar goods. In case, the trademark is not identical and the goods are also not the same for which the trademark is registered, an infringement action will only lie if the conditions of sub-section 4 of Section 29 are satisfied being of the registered trademark having a reputation in India and the use of the registered trademark without due cause takes unfair advantage or is detrimental to the distinctive character or repute of the registered trademark. Sections 30 and 35 entitle a person to use the registered trademark if the conditions mentioned in those sections are satisfied, meaning thereby, in spite of registration, and in spite of the statutory rights conferred by Sections 28 and 29, an owner of a registered trademark cannot sue for infringement if the use by the defendant of the

trademark falls within the exceptions as carved out under various sub-sections of Section 30 and Section 35. That this is so becomes absolutely clear from the expressions “nothing in Section 29 shall be construed as preventing the use of the registered trademark..” as appearing in Section 30, and “nothing in this Act shall entitle the proprietor or a registered user of a registered trademark ...” as appearing in Section 35. Included in Section 30, is disentitlement to an infringement action in spite of registration of the trademark where the use of the registered trademark is in relation to the goods to indicate the kind, quality, intended purpose etc, or other characteristics of the goods. Therefore there are two stages/tiers of defence in an infringement action. The first is for cancellation of registration in terms of Section 57. If the registration is cancelled obviously nothing will survive in the infringement action. The second tier is that even if the registration is valid there are still valid defences as enunciated in Sections 30 to 35 of the Act which will disentitle the plaintiff to relief in an action brought for infringement of a registered trade mark.”

8. In view of the ratio of the case of **Marico**, in the present case, the submissions as urged by the counsel for the appellants are liable to be rejected because:-

(i) The trade mark in question namely “Rehydrates, Replenishes and Recharges” is in fact an expression which clearly falls within Section 9(1)(b) of the said Act and it is clearly a descriptive trademark. There should be discouragement from giving protection to such descriptive trademarks. We have already observed in the judgment in **Marico’s** case that we are using an expression “descriptive trademark” as a general

expression to cover all cases which fall under Section 9(1) (b) and Section 30(2) (a) of the said Act.

(ii) The mark in question of the appellants was wrongly registered because a mark which is a deceptive mark could have only have been registered after extensive user to make such mark distinctive, however, the mark was registered on a proposed to be used basis.

(iii) The learned Single Judge for the purpose of deciding the interlocutory application was justified in looking into the prima facie validity of registration because the registration is only a prima facie proof of validity and is a rebuttable presumption, inasmuch as, it is not that there have been cancellation proceedings initiated with respect to the registered trademark and which cancellation proceedings have been finally dismissed.

(iv) This court would not look into the evidence of user post registration of the trademark so as to claim distinctiveness on the basis of such user. We find substance in the stand of the respondent that there is almost no evidence as on record as at this stage showing user of the mark so as to make the same distinctive as on the date of registration.

(v) Even assuming that there was finality of registration of the trademark, the respondent has taken valid defences under

Sections 30 (2) (a) and 35 of the said Act inasmuch as the subject mark only describes the product namely the sports drink.

9. The counsel for the appellants very strongly urged that the respondent is guilty of commercial dishonesty and it should not use the expressions which are identical or deceptively similar to the expressions used by the appellants inasmuch as there are alternative expressions. It was urged that if the intention of the respondent was honest he would have used the mark in a much smaller way in a running sentence like was being done by the other manufacturers. It was also urged on behalf of the appellants that the respondent is using the mark not as a description but as a trademark. This aspect has also been considered by us in the judgment of **Marico's** case and we have held as under:-

“18.

It has been contended on behalf of the respondent that respondent is selling its edible oil in a package which clearly shows its trademark as “Sundrop”. The respondent states that it is not using the expression “LOW ABSORB TECHNOLOGY” as a trademark and the same is only being used as a descriptive expression, and as a part of a sentence, with respect to the product in question, namely, edible oil. The appellant, however, counters to say that the expression “LOW ABSORB TECHNOLOGY” is being used as a trademark. We have already referred to the fact that the trademark “Sundrop” is used by the

respondent in a very prominent manner in its packaging by the respondent and that undoubtedly is the trademark of the respondent. The defendant is using the expression "LOW ABSORB" not independently but only as a part of a sentence which reads on the packaging as "WITH LOW ABSORB TECHNOLOGY".

19. Our conclusion is that we have in fact totally failed to appreciate the argument as raised on behalf of the appellant. Surely, when rights are claimed over a word mark as a trademark and which word mark is in fact a mere tweak of a descriptive word indicative of the kind, quality, intended purpose or other characteristics of the goods, it is not open to urge that although the respondent is using the descriptive word mark in fact only as a part of sentence as a description (and even assuming for the sake of argument only the descriptive word mark in itself) alongwith another independent trademark, yet the use of descriptive words are to be enjoined against. How can it at all be argued that though the respondent is in fact shown to be using the disputed word(s) only with a descriptive intendment, yet, such use should be taken not in a descriptive manner but as a trademark. If we permit such an argument to prevail then what will happen is that what cannot be directly done will be indirectly done i.e., whereas the appellant is not entitled to succeed in the infringement action because the use by the respondent is in furtherance of its statutory rights of the user of the words which are descriptive of the kind, quality, intended purpose or characteristic of the goods, yet, merely because the appellant states that the respondent is using the same as a trademark, the same should be taken as infringement of the trademark of the appellant. Not only the plaintiff has no exclusive rights whatsoever to the

trademarks because they are such which fall within the mischief of Section 30(2)(a), the respondent/defendant is always fully justified and entitled to use the descriptive words in any and every manner that it so chooses and pleases to do. If there are no rights of the plaintiff to exclusive user of the trademark then where does arise the question of disentitlement of a defendant to use the trademark of the appellant inasmuch as any person who adopts a descriptive word mark does so at its own peril in that any other person will also be fully entitled to use the same in view of a specific statutory rights thereto, and there are various other statutory rights including that under Section 30(2) (a), and which is what is being done by the respondent in the facts of the present case and its rights being further stronger because of the use alongwith the simultaneous use of its trademark "Sundrop".

In the facts and circumstances of the present case, Section 30(2)(a) clearly applies in entitling the respondent to use the expression "WITH LOW ABSORB TECHNOLOGY" because that is only a descriptive use by normal English words in the English language indicative of the kind, quality, intended purpose of characteristic of the goods. There is no use of the expression "bonafide" in Section 30(2)(a) as is found in Section 35, and we do not propose to import in Section 30(2)(a) the expression "bonafide" because the subject matters of the two Sections i.e. Section 32(a) and Section 35 are though common on certain limited aspects, however the two sections do in fact operate in separate fields. Also looking at the issue in another way, "bonafide" aspect can in a way be said to be very much included in Section 30(2)(a) because the use of words which indicate their relation to the goods for the kind,

quality, intended purpose or other characteristics etc. of the goods, is clearly only a bonafide user of the same and which "bonafideness" does not have to be additionally proved. In fact, there is ordinarily not only no lack of bonafides in using the normal descriptive word, and on the contrary there is in fact malafides of a plaintiff in adopting otherwise a descriptive word mark and for which adaption there is ordinarily an absolute ground for refusal of registration of the trademark. There is no malafides of the respondent as alleged by the appellant because the respondent is using the expression "LOW ABSORB" as part of a sentence in a descriptive manner and the respondent is also prominently using its own trademark "Sundrop", an aspect we have repeatedly referred to otherwise in this judgment. Merely because the respondent used "TM" earlier after the expression "LOW ABSORB TECHNOLOGY" is not such as to wipe out statutory rights/defences of the respondent.

We are also of the opinion that once the person, against whom a suit is filed on the ground of infringement of a trademark which is in fact a descriptive word, then, if a defendant is using his own word mark as a trademark prominently in addition to the descriptive word mark which the plaintiff claims to be his trademark, nothing further is required to show the bonafides of the defendant against whom infringement of a registered trademark is alleged. In the facts of the present case, we have already adverted to in detail the prominent use by the respondent of its independent trademark "Sundrop", and, the fact that the expression "LOW ABSORB" is being used only as part of the sentence which reads "WITH LOW ABSORB TECHNOLOGY".

10. The facts of the present case are similar to the case of **Marico** in this regard of the respondent is prominently using its trademark 'Glucon D Isotonik' in a most prominent manner in its packaging. The arguments thus raised on behalf of the appellants are thus answered against them in view of the aforesaid ratio in the **Marico's** case.

11. In view of the above, we find that the appeal is not liable to succeed. The appellants do not have a prima facie case in their favour in view of the above discussion. The balance of convenience is in favour of the respondent who will be caused grave and irreparable injury if the injunction as prayed for is granted. The law is that as an appellate Court we should not interfere with the well reasoned judgment of learned Single Judge in terms of **Skyline Education Institute (India) Private Limited Vs. S.L. Vaswani and Another (2010) 2 SCC 142**. The appeal is therefore dismissed, leaving the parties to bear their own costs. Nothing contained herein will amount to any expression on the final merits and the factual aspects affecting the final judgment in the case.

VALMIKI J. MEHTA, J.

SANJAY KISHAN KAUL, J.

NOVEMBER 10, 2010
ib/Ne