

THE HIGH COURT OF DELHI AT NEW DELHI

% Judgment Pronounced on: 28.09.2011

+ CS(OS) 600/2007

M/S. L'OREAL

..... Plaintiff

Through: Mr. S.K. Bansal, Mr Pankaj
Kumar and Mr. Vikas Khera, Advs.

versus

Mr. DUSHYANT SHAH

..... Defendant

Through: None.

CORAM:-

HON'BLE MR JUSTICE V.K. JAIN

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

V.K. JAIN, J (ORAL)

1. This is a suit for injunction, rendition of accounts and delivery up of the infringing material. The plaintiff is a Company incorporated in France and is engaged in the business of manufacturing, distribution and sale of a wide range of hair care, skin care toiletries and beauty products including perfumery preparations, essential oils, cosmetics, preparations for colouring and bleaching the hair, hair dyes,

hair dyes and tints, shampoos etc. The word/mark L'OREAL was adopted by the plaintiff Company in the first decade of 1900 and is being used since about 1910-1915, in relation to its goods and businesses. The plaintiff is selling its goods under the trademark L'OREAL in about 130 countries throughout the world. The trademark L'OREAL is also registered in India in Class 3, in relation to perfumery/soaps, non-medicated toilet preparations shampoos hair dyes etc. This is also the case of the plaintiff that its trademark L'OREAL enjoys an enviable goodwill and reputation in the market and has become associated/identified with the goods and business of the plaintiff company. The products of the plaintiff company are available in or above 300 towns and cities in India. The plaintiff has manufacturing plant in Chakan, near Pune in Maharashtra and employs for 400 persons. The plaintiff claims to be spending huge amount on advertisement and promotion of its product sold under the name L'OREAL. This is also the claim of the plaintiff that members of the trade and industry as well as the consumers and general public at large throughout world, including India, being well aware of the trademark of the plaintiff, it is also a well

known trademark within the meaning of Section 2(1)(zg) of the Trademarks Act.

2. The defendant filed an application for registration of the trademark INSTITUTE TORREAL in Class 3 in relation to bleaching preparations and other substances for laundry use, cleaning, polishing, scouring and abrasive preparations, soaps, perfumery, essential oils, cosmetics, hair lotions, dentifrices, deodorants etc. which was published in trademark journal on 21st September, 2002. It is alleged that the trademark published in the trademark journal is deceptively similar to the trademark L'OREAL of the plaintiff, phonetically, visually as well as structurally and use of the aforesaid mark would link the goods of the defendant with that of the plaintiff company and give a wrong impression to the customers with respect to the source and origin of the goods. It is also alleged that in February, 2007 plaintiff came to know that the defendant was in the process of commercial launching of its goods under the impugned trademark and was soliciting inquires for dealership/distributorship in Delhi. The plaintiff has sought injunction restraining the defendants from using the impugned trademark INSTITUTE TORREAL or any other

mark which is identical and/or deceptively similar to plaintiff's trademark L'OREAL. The plaintiff has also sought delivery up of all material with impugned trademark and damages amounting to Rs.20,01,000/-.

The defendant was proceeded ex parte vide order dated 7th October, 2009.

3. The plaintiff has filed affidavits of two witnesses viz. Ms. Akansha Bansal and Ms. Surbhi Bansal by way of evidence. In her affidavit by way of evidence Ms. Akansha Bansal has stated that the trademark L'OREAL (word mark), L'OREAL (Label), L'OREAL LES TECHNICARES (word mark), L'OREAL PROGRESS (word mark) & L'OREAL PLENTITUDE (word mark) are registered in the name of the plaintiff in Class 3 vide registration Nos. 165778, 473298, 557907, 499858 & 477223 respectively. She has further stated that the plaintiff is doing business worth millions of dollars under the trademark L'OREAL and has been regularly and continuously promoting the aforesaid mark, spending enormous amount on its promotion. She has claimed that the mark L'OREAL of the plaintiff has acquired an enviable and enduring goodwill and reputation in International Market including India has become distinctive and

associated with the plaintiff company and its business. She has further stated that the goods of the plaintiff are freely available in India in more than 300 towns and cities and the plaintiff company also has a plant at Chakan, Pune, Maharashtra. According to her the members of the trade and industry as also the consumer and general public at large all over the world including India are well aware of plaintiff's trademark L'OREAL. Mrs. Surbhi Bansal has corroborated the testimony of first witness Ms. Akansha Bansal.

4. Since the defendant is a resident of Ahmedabad and is carrying business there, the first question which comes up for consideration is as to whether this Court has territorial jurisdiction to try the present suit. This is a suit for infringement of the registered trademarks of the plaintiff. Section 134(2) of Trademarks Act, 1999, to the extent it is relevant provides that notwithstanding the provisions contained in the Code of Civil Procedure, the Court within the local limits of whose jurisdiction the person instituting the suit resides or carries on business or personally works for gain, at the time of the institution of the suit, would have jurisdiction to try a suit for infringement of a registered

trademark. It is alleged in para 29 of the plaint that the plaintiff is carrying on its business under the trademark L'OREAL in Delhi where its goods are sold and are available. In her additional affidavit Ms. Surbhi Bansal, constituted attorney of the plaintiff has stated that at the time of filing of the suit, the plaintiff-company had a subordinate office and a technical centre within the jurisdiction of this Court at 313, 3rd Floor, Saket District Centre, New Delhi and at present, the office of the plaintiff-company is situated at C-33, First Floor, opposite PVR Plaza, Connaught Place, New Delhi. Along with an affidavit, she has filed a copy of the lease deed dated 10th October, 2006, executed by Kavita Laroia, owner of shop/commercial space No. 313, admeasuring 1245.80 square feet, situated on the third floor or Rectangle One, Saket District Centre, New Delhi in favour of L'OREAL India Private Limited which is stated to be the wholly owned subsidiary of the plaintiff in India. A perusal of this document would show that the above-referred premises in Saket, District Centre, Delhi was let out to the plaintiff-company for commercial purposes w.e.f. 10th October, 2006. Thus, the plaintiff-company did have an office in Delhi when this suit was filed.

In para 31 of her affidavit, Ms. Akansha Bansal, constituted attorney of the plaintiff company has stated that one of the offices of Clearing and Forwarding Agencies of the plaintiff company namely Navbharat Enterprises is situated at Khasra No.70, Village Saidullajab, Near Gyan Jyoti Vidya Niketan, SAidullajab, New Delhi, and as many as five dealers/agencies of the plaintiff company namely Anand Enterprises, Kwality Enterprises, Kapoor Agency, Pankaj Store and GROF Enterprises have their offices in Delhi. She has further stated that plaintiff is carrying on business in Delhi, using the trademark/label L'OREAL and the goods are sold through various special agents. It would thus be seen that the plaintiff company had an office in Delhi when the suit was instituted and continues to have an office in Delhi, though it shifted to a new premises, it has special agents in Delhi and is selling goods under the brand name L'OREAL, in Delhi, through its special agents. The plaintiff has also placed on record the invoice which would show that L'OREAL India Pvt. Ltd., which is the fully owned Indian Subsidiary by the plaintiff company has been issuing invoice to dealers from its Delhi office.

5. In **Shree Rajmoti Industries vs. Rajmoti Oil Mill**

Pvt. Ltd & Anr. 2005 (30) PTC 38 (Del), the plaintiff had averred in the plaint that it was carrying on business in Delhi and for this purpose it had referred to two of its distributors. This was held to be a sufficient compliance under Section 62(2) of the Copyright Act and Section 134(2) of the Trademarks Act. In **Ford Motor Company & Anr vs. C.R. Borman & Anr.** 2008 (38) PTC 76 (Del.) (DB), it was alleged in the plaint that the plaintiff had service stations, showrooms, authorized dealers and sales of its products within the territorial jurisdiction of this Court. Prima facie this was held to be sufficient to confer jurisdiction on Delhi Courts.

6. The purpose behind Section 134(2) of Trademarks Act, 1999 is to ensure that the proprietor of a registered trademark does not have to face the inconvenience and loss that is involved in suing the infringers at the place of their residence/business when he happens to reside/carry business at a place different from the place of the person who owns the trademark. It was realized that suing the infringer at the place of his residence/business is likely to discourage legal action against infringement, particularly if the infringers happen to be more than one and at different

places. I am in agreement with the learned counsel for the plaintiff that considering the purpose behind enactment of Section 134(2) of Trademarks Act, this provision needs to be given a liberal construction and, therefore, the expression “carries on business”, used in the sub-Section needs to be given a wider amplitude as compared to the scope to be given to this expression in the context of Section 20 of the Code of Civil Procedure. Moreover, if a company has an office even if that to be a subordinate office within the jurisdiction of a Court, it would be difficult to dispute that the company carried on its business at that place as well. A company may carry on business at more than one places and one of those places may be where it has a subordinate office. Establishing and maintaining a subordinate office being a part of running the business of a corporation, it would be difficult to say that a company does not carry out a business at a place where it has a subordinate or a subsidiary office. The plaintiff company not only had an office in Delhi at the time this suit was filed, issue of invoices from Delhi office of its subsidiary clearly shows that it is actually carrying business from its Delhi office as well. I need not examine the implication of the company doing

business in Delhi through its Delhi based dealers/distributors.

In **Varehouse Infotech Ceebros Arcade & Anr. vs. SAP Aktiengesellschaft & Ors.** 2010 (42) PTC 650 (Del.) (DB), it was alleged in the plaint that plaintiff No.2 was carrying business within the jurisdiction of this Court since his branch office situated at 2nd Floor, Gesco Centre, 70, Nehru Place, New Delhi. It was also alleged that training services in SAP software were being offered by the authorized partners of the plaintiff Siemens Information Systems Limited in Delhi. Though it was also alleged that the defendants were residing and carrying business in Delhi that was disputed by the defendants when they appeared in the Court. Referring to the decision of Supreme Court in **Dodha House vs. S.K. Maingi** (2006) 9 SCC 41, with respect to interpretation of the expression “carrying on business”, this Court was of the view that this expression is rather expansive and included an interest in business at a particular place. It was held that since the plaintiff was not only having a branch office but was also imparting training services through its authorized partners in Delhi, it was carrying on business within the meaning of Section 62(2) of

Copyright Act. In the case before this Court also not only the plaintiff had an office in Delhi at the time of institution of the suit, it also claims to be carrying business in Delhi through its special dealers. I, therefore, hold that this Court does have territorial jurisdiction to try the present suit.

7. A perusal of the advertisement published in September 21, 2002 issue of Trademark Journal would show that defendant Dushyant applied for registration of the trademark INSTITUTE TORREAL in respect of bleaching preparations and other substances for laundry use, cleaning, polishing, scouring and abrasive preparations, soaps, perfumery, essential oils, cosmetics, hair lotions, dentifrices, deodorants, for personal use sanitary preparations being toiletries. There was a disclaimer on the advertisement that the registration shall give no right to exclusive use of the word INSTITUTE. This would mean that essentially the defendant had applied for registration of the trademark TORREAL in respect of various cosmetics preparations, soaps, etc.

The next question which comes up for consideration is whether mere applying for registration of a trademark, which is identical with or deceptively similar to

the registered trademark of the plaintiff would give a cause of action to the plaintiff to seek an injunction against infringement of its registered trademark.

8. In **Jawahar Engineering Company and Other vs. Jawahar Engineers Private Limited**, (1983) PTC 207, a preliminary issue was framed as regards territorial jurisdiction of the Court to try the suit. The defendants in that suit had applied for registration of the trade mark 'Jawahar' in Delhi and the application was advertised in Trade Mark Journal. On evidence, it was found that there was no sale of the products of the defendants in Delhi and the defendants had not advertised their products in Delhi. There was an advertisement of the products of the defendant in Journal published in Ludhiana. The learned Single Judge of this Court held that the advertisement was not sufficient to confer jurisdiction on the Courts in Delhi. He, however, held that since there had been an advertisement in the Trade Marks Journals published at Delhi, that conferred jurisdiction on the Courts at Delhi. The Division Bench held that the real point which gave Delhi Court jurisdiction was the fact that the trade mark was sought for sale in Delhi, amongst other places. The

Division Bench was of the view that when an injunction is sought, it is not necessary that the threat should have become the reality before the injunction and it can even be sought for a threat, which is yet to materialize. It was further held that since the plaintiffs had learnt that the defendants had applied for registration of trade mark in Delhi, they could claim for injunction to prevent any sale of the infringing products in Delhi and in that case, Delhi Courts would have jurisdiction, whether any sale in Delhi has taken place or not.

9. This issue again came to be considered by this Court in the case of **Pfizer Product Inc. vs. Rajesh Chopra**, 2006 (32) PT 30, where the Court considered the decision of **Dodha House & Patel Field Marshal Industries (supra)**. This Court was of the view that the decision in **Jawahar Engineering** (supra), was not disapproved by Supreme Court in **Dodha House** (supra). In taking this view, this Court took note of the fact that in the case of **Dodha House** (supra), Supreme Court had noted that that no application had been filed for registration of the trade mark whereas in the case of **P.M.Diesels**, the parties were residents of Rajkot and the application for registration had

been filed in Bombay. This Court, therefore, concluded that this was not the ratio of Supreme Court decision in ***Dhodha House*** (supra) that the filing of an application with the Registrar of Trade Marks, at a particular place would not clothe the courts at that place with territorial jurisdiction to entertain the matter. The ratio of the Supreme Court decision in ***Dhodha House*** (supra), in the opinion of this Court, was that an advertisement by itself in a Trade Mark Journal would not confer jurisdiction on a Court within whose territorial limit the advertisement is published or is seen. In the opinion of this Court, if an application for registration of the impugned trade mark is made in the territorial jurisdiction of a Court that Court would have jurisdiction to try the suit relating to the particular trade mark. Since defendants applied for registration of the trade mark to the Registrar of Trade Marks at Delhi, as is evident from the advertisement, this Court would have jurisdiction to try the present suit.

10. In ***Mars Incorporated vs. Kumar Krishna Mukerjee & Ors.*** 2003 (26) PTC 60 (Del), the defendant sought to incorporate a company named MARS FOODS PVT LTD, though mark was the registered trademark of the

plaintiff company. The question which came up for consideration before this Court was as to whether a person who has not suffered any damage in respect of trade either due to competition or due to deceptive or confusing similarities of the trademark adopted by the defendant has any right to challenge the act of the defendant in seeking to incorporate a company under a name which included the name of the registered trademark of the plaintiff company. The defendant in that case had been incorporated as a company but had not commenced operations by manufacture or sale of goods. Upholding the right of the plaintiff to maintain cause of action on account of apprehension of infringement of its trademark, this Court inter alia observed as under:-

To expect the aggrieved party to wait and watch for the opening of business or manufacturing or sale of goods under the apprehended infringement of trade mark is too much. A stitch in time always saves nine and that is what is the essence of *Quia Timet* Action...

...Let us assume that infringer has no past history of either squatting or hoarding the domain name, trade name and comes out with advertisement for the first time for registering its Corporate name by adopting the similar name or deceptively or confusingly similar name without

immediate intention to start its business. Whether or not the plaintiff whose name is sought to be infringed has a remedy to forestall the defendant from adopting its name or from opening up of the business under the plaintiff's trade name. the answer in any eventuality is in affirmative.

The plaintiff has the same degree of right to protect its trade name from infringement as it has against infringement of registered name or in an action of passing off in respect of manufacturing or selling or offering to sell the goods by the defendants under the plaintiff's trade name. The genesis is the underneath intention which is not difficult to fathom. Why one should choose or pick up the name or mark which has already become famous and well known and whose reputation and goodwill is all pervading and is obviously hard earned. The only intention or object is to thrive upon the goodwill and reputation and confuse the purchasers of his goods into believing that the defendants' goods or business in one way or other is connected with the plaintiff. Obvious object is to cash on exploit the goodwill, reputation, name and trade mark of the plaintiff...

...It is immaterial whether or not there is a real or tangible possibility of starting a business. Such a threat will even loom large over the head of the plaintiff and therefore entitle him to resort to *Quia Timet* Action as the intentions are bad, designs are dubious. There is no other object of such a defendant than to hoard the trade mark and black mail the plaintiff in order to use it in future. Thus, in both the cases, the action and proposed activities are manifestly *mala fide* and calculated to deceive the public or would be purchasers

as to the connection of the defendants with the plaintiff.

As the saying goes, the evil should be nipped in the bud so is the nature of *Quia Timet* Action where the injury or damage has been caused.

In **KRBL Limited vs. Ramesh Bansal & Anr. 2009**

(41) PTC 114 (Del), the plaintiff was registered proprietor of the trademark/label “India Gate”, which it was using for selling rice. The defendant applied for registration of the same mark in respect of salt. The right of the plaintiff to maintain a *quia timet* action was upheld by this Court.

11. It is difficult to dispute the apprehension of the plaintiff that the ultimately purpose of seeking registration of the trademark TORREAL, under the same Class and in respect of the same goods for which the mark L'OREAL is being registered by the plaintiff is to launch similar products in various marks, under the brand name TORREAL. Therefore, I am in agreement with the learned counsel for the plaintiff that seeking registration of the trademark INSTITUTE TORREAL with a disclaimer in respect of the word INSTITUTE gave sufficient cause of action to the plaintiff company to seek injunction against infringement of its registered trademark L'OREAL by the

defendant.

12. To constitute an infringement, a person need not adopt and use the whole of the mark of the plaintiff and it is sufficient if the mark used or proposed to be used by him is identical with or deceptively similar to the mark of the plaintiff. The similarity between the two marks can be phonetic, visual, structural or otherwise. In fact any clever person seeking to encash upon the reputation and goodwill of an established brand would not adopt that mark in toto and would make some changes here and there so that in the event of his mark being challenged in the Court, he may take the plea that the mark adopted by him is not identical to the mark of the plaintiff. Hence, what the Court is called upon to examine is whether the trademark used or proposed to be used by the defendant is visually, phonetically, structurally or otherwise so similar to the trademark of the plaintiff that it can be said to be deceptively similar mark. It is difficult to dispute that phonetically and structurally, the mark L'OREAL and TORREAL are similar. The first difference in the two marks are that the first letter in the mark of the defendant is "T" as against "L" in the mark of the plaintiff and the defendant

has used two “R” in the word TORREAL whereas the plaintiff has used only one “R” in L’OREAL. Another dissimilarity is that (’) has been used by the plaintiff after the letter “L” in the mark L’OREAL whereas the defendant has used it after letter “T” in the mark TORREAL. These dissimilarities, to my mind, are rather insignificant and trivial in nature, when weighed against the striking phonetic and structural similarities between the marks L’OREAL and TORREAL. Therefore, in my view, use of the mark TORREAL by the defendant, for sale of the similar products which the plaintiff company is selling under the brand name L’OREAL would constitute infringement and, therefore, the plaintiff is entitled to an injunction restraining the defendant from using the aforesaid mark.

13. For the reasons given in the preceding paragraphs, the defendant is restrained from using the mark TORREAL/ INSTITUTE TORREAL or any other mark identical with deceptively similar to the registered mark L’OREAL of the plaintiff in respect of the products which the plaintiff company is selling under its trademark L’OREAL. Considering the fact that there is no evidence of the defendant having actually sold any goods under the

trademark TORREAL/INSTITUTE TORREAL, this is not a fit case for awarding any damage to the plaintiff. In the facts and circumstances of the case, there shall be no order as to costs.

Decree sheet be prepared accordingly.

(V.K. JAIN)
JUDGE

SEPTEMBER 28, 2011
'sn'/vn/bg/ag