

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

% Date of decision : 12.10.2011

FAO(OS) No. 259-262/2005

SMT.KANTA ARORA AND ORS. APPELLANTS

Through : Mr..M.Dutta, Advocate.

- V E R S U S -

M/S KONINKLIJKE PHILIPS ELECTRONICS NV, & ANR.

... RESPONDENTS

Through : Mr.N.Mahavir and Dr.Sheetal Vohra,
Advocates.

CORAM :

HON'BLE MR. JUSTICE SANJAY KISHAN KAUL

HON'BLE MR. JUSTICE RAJIV SHAKDHER

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| 1. | Whether the Reporters of local papers may be allowed to see the judgment? | NO |
| 2. | To be referred to Reporter or not? | NO |
| 3. | Whether the judgment should be reported in the Digest? | NO |

SANJAY KISHAN KAUL, J. (ORAL)

1. The respondents filed a suit for permanent injunction, passing off, damages, rendition of accounts and delivery up etc in respect of their trade mark 'PHILIPS'. Along with the plaint, an application for interim relief under Order 39 Rules 1 & 2 of Code of Civil Procedure, 1908 ('the said Code' for short) was also filed. The appellants as defendants apparently expressed their willingness to give up the trade mark 'PHILIPS' provided a reasonable time was granted to them to change over to a new trade mark and this proposal was accepted and the appellants were given time up to 31.03.2002 to adopt a distinctively dis-similar trade mark. The appellants, however, soon thereafter repudiated this arrangement on 04.04.2002.
2. The attempt by the appellants to change their stance was viewed by the learned single Judge as an attempt to over-reach the process of law and a notice was issued to appellants nos.1 & 3 to show cause as to why appropriate action under the Contempt of Courts Act,

1971 be not initiated against them. Learned single Judge also found a prima facie view that a case for grant of ad interim injunction was made out restraining the appellants from manufacturing, selling or offering for sale their goods under the trade mark 'PHILIPS' and from passing off the goods manufactured by them as that of the respondents. The appellants filed IA No.6363/2002 seeking vacation of the said interim order.

3. The learned single Judge (as he then was), however, rejected the application for vacation of stay and made the injunction absolute in terms of the impugned order dated 23.05.2005.
4. A perusal of the impugned order shows that the trade mark 'PHILIPS' inside shield device was adopted by the respondents in or about 1911. It adopted the trademark 'PHILIPS SHIELD EMBLEM' in 1938. Both these marks are the house marks of the parent company and represent the trading style of respondent no.1, being used over more than 60 countries. The trade mark 'PHILIPS' was claimed by the respondents to be a distinctive and dominant part of the corporate name of

the respondent/company and the respondents held registrations in various classes in various countries of the world. The sales figures of the respondents were claimed to be running into millions of US Dollars. R-2 has been manufacturing and selling large variety of household (kitchen) appliances apart from electric and electronic goods like sandwich toasters, toasters, grill baking ovens, hand mixers, coffee makers, electric, etc. all of which are treated as kitchen appliances in the trade. In June, 1992, the respondents came to know that the trade mark 'PHILIPS' had been advertised before acceptance in the Trade Mark Journal in the name of M/s Kumar Enterprises. This trade mark application was opposed by the respondents. The Assistant Registrar of Trade Marks, however, dismissed the objections raised by the respondents and their predecessor companies against which order the respondents preferred an appeal before the High Court. The Registrar of Trade Marks, despite the pendency of the said appeal, granted registration certificates in favour of appellant no.1. It is during the pendency of

the appeal, the respondents came to know that the appellants were advertising on cable television channels their products i.e. pressure cookers for sale under the trade mark 'PHILIPS'. It is in view thereof that the cause is stated to have arisen to file CS(OS) No.207/2002. The suit was contested by the appellants who placed reliance upon registration of the mark 'PHILIPS' in their name and thus they claimed to have statutory protection of registration under Section 28 of the Trade and Merchandise Act, 1958 ('the said Act' for short).

5. The learned single Judge found that even though the appellants had secured registration of the trade mark 'PHILIPS' in respect of pressure cookers included in Class 21 of the fourth schedule to the rules framed under the said Act, despite the opposition of the respondents, the registration of the said trade mark could not effect the right of respondents to bring an action for passing off against the appellants having regard to the provisions of Section 27(2) of the said Act.
6. The learned single Judge also took note of the fact that the order passed by the Assistant Registrar granting

registration of the trade mark 'PHILIPS' in favour of the appellants, which was challenged by the respondents in appeal before this Court, was eventually transferred to the Intellectual Property Appellate Board ('the Board' for short), for disposal. The Board came to the conclusion that the trade mark of the respondents being a globally renowned and reputed mark, use of an identical mark by anybody else even in respect of the goods which were not manufactured by the respondents would create confusion in the minds of the purchasers. The order of the Assistant Registrar of Trade Marks was reversed and thus the registration secured by the appellants in their favour stood withdrawn by the appellate authority. The learned single Judge also found that the consumer with his ordinary knowledge, perception and memory was likely to believe that the respondents had extended their manufacturing activities to non-electric pressure cookers as it was a world-known trade mark being used on such products.

7. The developments which have taken place during the pendency of the appeal and after the impugned order

was passed, is that WP(C) No.8973/2008 came to be filed by appellant no.4 against respondent no.1. The writ petition was predicated on the grant of registration of the mark 'PHILIPS' for non-electric pressure cookers under Class 21 of the said Act by the Registrar of Trade Marks vide order dated 09.12.1996 and the order dated 14.08.2008 passed by the Board which allowed the appeal and cancelled the registration of the mark in Class 21 for pressure cookers granted to the appellant no.4. This writ petition was dismissed with costs on 25.09.2009. The matter was thereafter carried in appeal, but LPA No.613/2009 was dismissed on 30.11.2009 in limine. The matter was carried forward before the Supreme Court by filing a Special Leave Petition which found the order in appeal to be too cryptic.

8. At the stage when the matter was still pending before the Supreme Court and judgment was reserved, it was stated by learned counsel for the appellants before this Court on 23.12.2010 that in case the appellants succeed before the Supreme Court, then only the arguments would have to be advanced before this Court. This was

naturally so as the fulcrum of the arguments was the registration of the mark 'PHILIPS' in the name of appellant no.4. On 30.08.2011, we were informed that the Supreme Court had delivered the judgment and remanded the matter back to be heard by the Division Bench and that LPA No.613/2009 stands dismissed on 01.08.2011. Learned counsel for the respondents, thus, submitted that the appellants have no case in the present appeals, but learned counsel for the appellants stated that the appellants may be exploring the possibility of filing a Special Leave Petition against the order passed by the Division Bench on 01.08.2011. We made it clear while recording the order on that date that if there was no stay of the operation of the judgment of the Division Bench dated 01.08.2011 by the next date of hearing, we would take the said judgment into account for disposal of the present appeals.

9. We are informed today that the appellants are still in the process of filing a Special Leave Petition. Thus, though almost three months have elapsed, no Special Leave Petition has been filed against the order of the Division

Bench dated 01.08.2011. We see no reason to defer the matter further and thus consider it appropriate to take into account the findings recorded by the Division Bench in LPA No.613/2009.

10. A perusal of the said judgment shows that the Registrar of the Trade Marks had found that the word 'PHILIPS' not being an invented word and the appellants using the mark since 1982, it was a case of honest concurrent user. This finding was not accepted by the Board. The fact that the trade mark 'PHILIPS' is being used by the respondents in India since 1950 and has acquired extensive goodwill with respect to electrical goods such as transistors, electric bulbs and electric toasters and thus having attained distinctiveness, has been examined. These goods are sold through the same trading channel i.e. shops in small towns and villages and the consumer of the goods is the same. The mark 'PHILIPS' notwithstanding it not being an invented word was thus held not capable of appropriation by the appellants for the reason that when in the year 1982 the appellants started selling pressure cookers with the

mark 'PHILIPS', the same had acquired reputation for the goods of the respondents. There was, in fact, no earthly reason for adoption of the mark 'PHILIPS' when the share holders and directors of the appellants were professing Hindu religion and there was no explanation why they should adopt a foreign name normally associated with those who profess Christianity. It has thus not been found to be a case of honest concurrent user.

11. The factum of pressure cookers not having electrical component would not affect the result as the trade source was the same and the mark 'PHILIPS' was being used for products as varied as electrical bulbs, electric toaster and the like and had attained distinctiveness.
12. The result of the aforesaid is that there exists no registration in the name of any of the appellants qua the mark 'PHILIPS' and that the decision of the Board has been upheld right till the Division Bench of this Court as per the order dated 01.08.2011. The said finding being a finding recorded by a coordinate bench of this Court, we see no reason to differ from the same. In fact, we are in

complete agreement with the finding that the use of the mark 'PHILIPS' by the appellants cannot be said to be a honest concurrent user, but the intent obviously is to ride on the goodwill and the established mark of the respondents. A common consumer who purchases the goods with the mark 'PHILIPS' including bulbs etc., in all likelihood, would assume that the pressure cooker is also emanating from the same source. It is a mark picked up by the appellants for which they have failed to establish any good reason.

13. We thus find no infirmity in the impugned order dated 23.05.2005 and thus the appeals are accordingly dismissed leaving the parties to bear their own costs.

SANJAY KISHAN KAUL, J.

OCTOBER 12, 2011
dm

RAJIV SHAKDHER, J.