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

+ CS(OS) 2099/2003

% ***Judgment Delivered on: 06.03.2012***

PERETTI VAN MELLE BENELUX B.V. Plaintiff
Through: Mr.Sushant Singh, Advocate

versus

RAMKRISHNA FOOD PRODUCTS AND ORS. E+..... Defendant
Through

CORAM:
HON'BLE MR. JUSTICE G.S.SISTANI

G.S.SISTANI, J (ORAL)

1. Plaintiff has filed present suit for permanent injunction, infringement of copyright, passing off and damages etc. against the defendants.
2. Summons in the suit and notice in the application were issued on 09.12.2003. The defendants were restrained from selling, assigning or creating any third party interest in the registered trade mark "MENTOS". The interim order granted, continues till date. The defendants entered appearance and filed their written statement. Thereafter since the defendants stopped appearing in the matter, defendants were proceeded ex parte by an order dated 04.02.2009. The plaintiff has filed affidavit by way of ex parte evidence.
3. The facts of the case as set out in the plaint are that the plaintiff, earlier known as Van Melle Nederlands B.V., is presently a part of the Perfetti Van Melle Group who are renowned manufacturers and sellers, *inter alia*, of confectionery items including candies, toffees, mints, breath fresheners,

chewing gum, bubble gum, etc., under various world famous trademarks. The above goods of the plaintiff, and/or its associate or group companies are available in over 130 countries of the world including India, under famous and well known trademarks such as MENTOS, ALPENLIEBE, COFITOS, CHLO-RMINT, FRUITTELLA, CENTER FRESH, CENTER SHOCK, ETC. The plaintiff's predecessors-in-title had honestly coined and adopted the inherently distinctive trademark MENTOS in the year 1929. The candy manufactured and sold by the plaintiff and its associate/group companies under the mark MENTOS has a chewy, sugar coated hard mint cover and a soft centre. It is submitted that prior to 1950, MENTOS of the plaintiff's were sold in bags and loose, and thereafter, in cylindrical paper packs. The product, MENTOS, was first introduced in the Netherlands and thereafter in the markets all over the world, and the product has become immensely popular. In order to accord statutory protection to the expression MENTOS, the plaintiff had applied for and/or registered the said trademark in several countries of the world, as detailed in the plaint. The registrations of Benelux dates back to 1967, 1970, 1971 and 1972. The plaintiff is the registered proprietor of the trademark MENTOS in India under registration no.410587 in Class 30 as of 13th September, 1983 under the Trade and Merchandise Marks Act, 1958. The said Indian registration covers "bonbons, chews, peppermint, toffees, licorice articles and other articles" all included in class 30.

4. That the plaintiff filed application for registration of the trademark MENTOS in label format on 8.5.1997 under number 756010 in class 30 of the Fourth Schedule of the then prevailing Trade and Merchandise Marks Act, 1958. By virtue of international adoption since the year 1929 and international registrations which dates back to the year 1967, 1970, 1971 and 1972 in the respective countries and in India since the year

1983, plaintiff claims itself to be the prior adopter, prior user, and prior registered proprietor of the said well known trademark MENTOS worldwide and in India in respect of chewing gum etc. Mr.Sushant Singh, submits that the said trademark has earned considerable goodwill and reputation and sale of the goods under the said trademark runs into multi-crores of rupees, as detailed in para 15 of the plaint.

5. The cause of action of the plaintiff in the present case emanates from the trademark application, which was filed by the Plaintiff in the year 2001. At the examination stage, the conflicting mark of the Defendants bearing no.331030 for the mark MENTOS was cited which stood already registered. The said trademark was applied by the defendant on the basis of proposed use. During a market survey, it was revealed that no product of the defendants under the trademark MENTOS existed in the market. It is submitted that the defendants have obtained registration of the said trademark illegitimately without any intention to use the same and the said trademark is *ex facie* illegal and without any intention to use the same in India. The plaintiff thereafter filed a cancellation petition. However, in the year 2003, the defendants published an advertisement in the “Economic Times” newspaper indicating their intention to sell their registered trademark MENTOS. Counsel submits that such an act on the part of the defendants firmly proves that the defendants had been holding on to the trademark with the sole intention of selling it at a profit, and made an attempt to do so in the year 2003 when faced with the cancellation action filed by the plaintiff. The rectification proceedings are still pending before the Trade marks Registry, Mumbai. In this backdrop, the plaintiff has filed the present suit restraining defendants from using the trademark MENTOS and also causing passing off by selling the said trademark to any trader which may be detrimental / prejudicial to the

plaintiff.

6. In support of its case, plaintiff has filed affidavit by way of evidence of PW-1 (Sudhir D. Ahuja), who in his affidavit has deposed that the plaint has been duly signed by him and he is authorized and empowered to sign and verify the plaint and institute the present proceedings on behalf of the plaintiff. A copy of the power of attorney in favour of the deponent has been marked as Ex.PW-1/1.
7. This witness has deposed that the plaintiff is a company incorporated and existing under the Laws of the Netherlands at the address as given in the cause title of the plaint. It is also deposed that first defendant is a private limited company engaged in the business of manufacture and sale of confectionery and other related products. The second and the third defendants are in effective control of administration of the first defendant's business.
8. PW-1 has deposed that the plaintiff, earlier known as Van Melle Nederlands B.V., is a part of the Perfetti Van Melle Group who are renowned manufacturers and sellers of, inter alia, confectionery items including candies, toffees, mints, breath fresheners, chewing gum, bubble gum etc. under various world famous trade marks. The above goods of the plaintiff, and /or its associate or group companies, are available in over 130 countries of the world including India under famous and well known trade marks such as detailed in the plaint.
9. Mr.Ahuja, PW-1 has also deposed that the plaintiff and /or its predecessors have been in the confectionery business for over a hundred years. Izaak Van Melle, in the year 1900, started the confectionery business under the family name Van Melle in Breskens, the Netherlands, concentrating on sugar confectionery. In the year 1944, the predecessor of the plaintiff, moved its factory to Rotterdam as the factory and facilities

in Breskens were destroyed in bombardment. By the year 1950 Van Melle was able to produce and market an assortment of confectionery, retaining its old and well known trademarks like MENTOS, FRUITELLA etc. The products of Van Melle have been well received in all the major countries of the world.

10. PW-1 has also deposed that the Van Melle Group continued to improve its products and expanded its activities through 1960s and 1970s. In the process, the Van Melle Group opened several new sales organizations and production facilities in Brazil, Belgium, France, Germany and the U.S.A. It is also deposed by this witness that some time during the 1980s, the plaintiff moved its main factory and headquarters to Breda and acquired companies such as Verduijn, Loo-O-Look and Peco. In 1989, Van Melle started exporting its products to Central and Eastern Europe. The Sales companies were set up in this area, as well as a factory in Poland and a packing unit in Russia. In 1997, Van Melle expanded its operations to China by setting up a new factory in Shenzhen.
11. Mr.Ahuja, has also deposed that Perfetti S.p.A, a company engaged in similar business, after several years of close operations with the Van Melle Group, merged with the Van Melle Group through acquisition of all the shares of Van Melle by Perfetti S.p.A to form the Perfetti Van Melle Group in March 2001. The combined strength of the two entities have synergized to form one of the most formidable confectionery majors in the world, giving the consumers the benefit of world class quality at affordable prices.
12. PW-1 has also deposed that the plaintiff and/or its associate and group companies currently employ approximately 10363 people and operate about thirty companies throughout the world. The plaintiff has business/commercial operations in the Asia Pacific region, Europe,

Middle East, Africa and the U.S.A.

13. The plaintiff and/or its associate/group companies have an annual sales turnover of over Euro 1,335,850,000 (Rupees 6679.25 crores approximately) worldwide. The plaintiff has its own manufacturing units located in Breda and Weert. The plaintiff and /or its associate/group companies have a large number of sales and distribution offices throughout the world.
14. It has also been deposed by this witness that the predecessor-in-title of the plaintiff had honestly coined and adopted the expression MENTOS in the year 1929 in order to distinguish its goods, being specialized candies, and the said mark is inherently distinctive. The candy manufactured and sold by the plaintiff and or its associate /group companies under the mark MENTOS has a chewy, sugar coated hard mint cover and a soft centre. Prior to 1950, the said products of the plaintiff were sold in bags or loose. However, MENTOS for the first time, appeared in rolls during the period. The products of the plaintiff sold under the expression MENTOS was first introduced in the Netherlands. The said product was later introduced in markets of all over the world and it has become immensely popular candy under the trade mark MENTOS of the plaintiff is available in mint, strawberry, fruit, orange, lemon, grape, pink grapefruit, spearmint, cinnamon, lemon fresh, green apple, licorice, dalandan fresh, barley mint, ice mint, strong mint acerola flavours. In India, the said candy under the mark MENTOS is currently available in mint and fruit flavours.
15. PW-1 has further deposed that by virtue of original adoption and extensive use worldwide, the expression MENTOS, particularly in relation to candies and other related goods has become exclusively associated with the plaintiff and/or its associate/subsidiary/group companies in the eyes of consumers all over the world, including India.

In order to accord statutory protection to the expression MENTOS, the plaintiff has applied for and /or registered the said mark in several major countries of the world such as Chile, Argentina, Japan, Germany, Australia, Canada, Singapore, United States of America, Benelux countries, Greece, United Kingdom, Hong Kong, Bulgaria, France, Hungary, Italy, Yugoslavia, Austria, Portugal, Romania, Spain, Switzerland, Egypt, Morocco, Israel, Italy, Malaysia, Czech Republic, Croatia, Slovenia etc. The list of trademark registrations granted in favour of the plaintiff worldwide and Benelux registration certificates of 1967, 1970, 1971, 1972 are already on record and the same are collectively marked as **Ex. PW-1/2**.

16. Mr.Ahuja, has also deposed that the plaintiff had applied for and obtained registration for the mark MENTOS under Application Number 410587 in Class 30 as of 13th September, 1983 under the Trade and Merchandise Marks Act, 1958. The said registration covers “bonbons, chews, peppermint, toffees, licorice articles and other articles” all included in Class 30. The said registration of the mark MENTOS is valid and subsisting under the Trade Marks Act, 1999 as well. A copy each of the advertisement of the trade mark application no.410587 in the Trade Marks Journal No.917, Page 403, registration notification in Journal No.947, Page 985, renewal certificate issued by the Registrar of Trade Marks and advertisement of the renewal status in Journal No.1187 page 1768 have been collectively marked as **Ex.PW-1/3**.
17. PW-1 has also deposed that the plaintiff had filed another application for registration of the trade mark MENTOS in label format on 8th May, 1997 under Number 756010 in class 30 in respect of Cocoa and cocoa products, chocolate, chocolate products and chocolate drinks, pastry and confectionery, caramel and caramel products, peppermint for

confectionery, peppermint candy, sweets, candy, liquorice and liquorice articles all being goods in Class 30 of the Fourth Schedule of the then prevailing Trade and Merchandise Marks Act, 1958. Copy of the said application is marked as **Ex.PW-1/4**

18. PW-1 has further deposed that as a result of its extensive international use, the trade mark MENTOS has become distinctive in the eyes of consumers all over the world, including India. Even prior to its introduction in India, the products originating from the plaintiff had acquired significant goodwill and reputation, and consumers in India, at all material times, identified the plaintiff, and/or its predecessors in title, as the source thereof. Such identification of the plaintiff as the source or origin of products bearing the trademark MENTOS has conferred on the plaintiff the exclusive right to use the said mark.
19. PW-1 has also deposed that on account of their immense popularity, the plaintiff decided to launch its products in India. In India, the plaintiff carries on its activities through its associate/group company, Van Melle Confectionery India Private Limited, a company incorporated under the Companies Act, 1956 and in existence since 1997. Van Melle Confectionery India Private Limited in effect conducts its business using the technology and the Trade Marks of the plaintiff and /or its associate or parent company, under an arrangement with the plaintiff and/or its associate or parent company, and is rated as one of the best companies in India in the business of confectionery, with brands such as MENTOS, CENTER SHOCK, CENTER FRESH, ALPENLIEBE, COFITOS, CHLORMINT, GOLIA, HAPPYDENT, VIVIDENT, BIG BABOL, FRUITELLA etc. The plaintiff through its associate/group company in India, has a total turnover of Rs.252.435 crores and Rs.295.48 crores for the years ending 31st December 2001 and 31st December 2002

respectively.

20. It has also been deposed by this witness that the plaintiff, through its associate/group company in India, has already spent Rupees 9.87 crores on advertising and promoting the product since its launch in India in the year 1999. The plaintiff, through Van Melle Confectionery India Private Limited, has attained a turnover of Rs.8.825 crores and Rs.6.335 crores for its products under the trademark MENTOS in the calendar years 2001 and 2002 respectively. The above stated revenue and promotional expenditure in respect of goods sold under the trade mark MENTOS establishes the goodwill and reputation the said product has generated in favour of the plaintiff vis-à-vis its products under the trademark MENTOS.
21. Mr.Ahuja has next deposed that the plaintiff received its examination report in respect of the Trade Mark Application No.756010 on 18th July 2001. The plaintiff was surprised to learn from the said report that the first defendant already had a registration for the Trade mark MENTOS under number 331030 covering cakes, candy for food, caramels, chocolate, chocolate cream, marzipan (chocolate), chewing gum, lozenges, puddings, pastries, sugar, sweets, sweetmeats, wafers (biscuits) in class 30. The said registration was cited as a conflicting mark in respect of the plaintiff's aforesaid application. However, upon hearing the Trade Mark Attorney of the plaintiff, at the time of hearing of the First Official Report, the Registrar of Trade Marks was pleased to accept the said application in Part A of the Register and directed that the said application would be advertised in the Trade Marks Journal. Copy of the said order of the Asstt. Registrar of Trade Marks dated 26th June, 2003 has been placed on record. The plaintiff thereafter conducted an investigation into the affairs of the defendants. The investigation revealed that the

mark of the defendants was registered as of 28th November 1977, but market investigation revealed that there was no use of the said Trade Mark. In fact, the defendants in their application for registration had claimed that they 'proposed to use' the mark MENTOS. An extract from the Trade Marks Journal No.707 page 687 dated November 16th 1978 where the defendants' mark was advertised was filed along with the plaint and the same is marked as **Exhibit PW1/5**.

22. Deponent further goes on to state that thereafter on 06.03.2003 the plaintiff has filed a cancellation petition on various grounds, copy of the cancellation petition is marked as **Ex.PW-1/6**. This witness has also deposed that on or about 6th June 2003 the plaintiff was shocked to see that the defendants had placed an advertisement in the Economic Times, New Delhi edition dated 6th June 2003 indicating their intention to sell their registered mark MENTOS. Copy of the insertion placed by the defendants in the Economic Times has been exhibited as **Ex.PW-1/7**.
23. Mr.Ahuja has also deposed that it is evident that the intention of the defendants in registering the mark MENTOS in its name is, or must have been, mala fide. From the advertisement itself it is apparent that the defendants have no intention to use the mark. The sole intention of the defendants is to obtain a high price for the said mark by encashing upon the goodwill of the plaintiff's mark MENTOS and taking undue advantage of the huge expenditure incurred by the plaintiff to promote the said mark. The witness has also deposed that it appears that to evade cancellation proceedings, the defendants made sporadic, negligible use of the mark, although their real motive has been to appropriate the goodwill accrued in respect of the plaintiff's trade mark. The mark MENTOS could not have been adopted by the defendants for any other reason but to pass off their goods and /or to enable a third party to pass off his goods as

and for those of the plaintiff. The most obvious reason in advertising to sell the mark MENTOS appears to be in anticipation of obtaining a high price from the plaintiff. The defendants may also make illicit profits by selling the mark to some third party, thereby inducing and enabling such purchaser of the mark to make false representation to the ultimate customer and make illicit profits by doing so. In any event, the fact that the defendants have advertised their willingness to sell the mark indicates the intention of the defendants to infringe the plaintiff's proprietary rights over the Trade Mark MENTOS.

24. PW-1 has further deposed that the plaintiff on coming to know about the said advertisement in the Economic Times, New Delhi edition dated 6th June 2003 filed a Suit No.2099/2003 before the Delhi High Court, for permanent Injunction, infringement of copyright, passing off and damages etc. against the defendants and an accompanying interlocutory application (IA No.11486/2003) under Order 39 Rules 1 and 2 read with Section 151 CPC. By order dated 9th December 2003, the Hon'ble Court was pleased to grant ex parte injunction against the defendants, restraining the defendants from selling, assigning, or creating any third party interests in the registered trade mark MENTOS, till further orders.
25. The deponent has next deposed that the plaintiff issued trade mark caution notices declaring their ownership and proprietorship of the subject trade mark/trade dress and also alerting the existing and potential infringers of the subject trade mark/trade dress with legal action unless they discontinue using the offending trade mark/trade dress. These caution notices were published in the Kolkata, New Delhi, Mumbai, Ahmedabad, Bangalore, Chennai, Pune and Hyderabad editions of "The Economic Times" on 5th November 2003. A representative copy of the said caution notice has been marked as **Ex.PW-1/8**.

26. PW-1 has also deposed that plaintiff and/or its associate /group companies manufacture all their products using best available technology, applying very high standard of hygiene. The ingredients of the said products are also carefully selected by the plaintiff so as to prevent any injury being caused to the consumers. The plaintiff's success is a result of superior quality and state-of-the-art products, distinctive marketing strategies, continuous improvement through research and innovation, care for people and dedication to surrounding communities and environment.
27. PW-1 has also deposed that it is evident from the aforesaid, that the adoption of the aforesaid mark by the defendants is mala fide, designed to encash upon and intended to trade upon the vast goodwill and reputation that has come to be vested in the plaintiff internationally. The consumers, when exposed to the goods bearing the mark MENTOS are bound to be and would be confused about the source and origin, and deceived and /or led to believe that the defendants' goods are actually the goods of the plaintiff. Moreover, the defendants by offering their trade mark for sale would be aiding and abetting unscrupulous manufacturers of cheap, substandard products in deceiving the public at large and set in motion /abet further illegal acts like counterfeiting. Even the most discerning as a result of the identity of the competing marks and the goods covered by them.
28. Mr.Ahuja, has also deposed that the defendants have no right, title or interest in or justification to use the mark MENTOS corresponding to the mark MENTOS of the plaintiff, which is the exclusive property of the plaintiff. The adoption of the plaintiff's trade mark MENTOS by the defendants is in total violation of the plaintiff's proprietary rights in and to the subject trade mark. The alleged use of the trademark MENTOS by the defendants and/or any person on their behalf, in relation to identical goods

would induce and/ or is likely to induce the customers to associate the defendants' goods and business with those of the plaintiff. The said acts on the part of the defendants would cause irreparable loss and prejudice to the plaintiff, which cannot be quantified in monetary terms.

29. After service the defendants put in appearance and filed the written statement, wherein the following defences have been raised.

- a) The defendant is the registered proprietor of the trademark MENTOS bearing no. 331030, as of 28.11.1977 with regard to food products, in class 30.
- b) The defendants are continuously using the said trademark since when it was applied and the plaintiff is incorrect in stating that defendants have never used the said trademark.
- c) Plaintiff has not used the trademark "MENTOS" prior to 1999 in India, whereas defendant began using it 22 years earlier, as a registered proprietor.
- d) The suit for infringement is not maintainable as there is no similarity between the labels/artistic work of the plaintiff.
The shade used by the defendant on the product is 'green' whereas as the shade used by the plaintiff on their product is 'blue'.

30. Although the defendant has raised a plea of continuous user of the trademark MENTOS, the following documents have been filed:

- a) Photocopy of registration certificate.
- b) Artificial label created by the Defendants for the trademark MENTOS.
- c) Packaging of lozenges of the Defendants
- d) Sales figures
- e) Some invoices of seven pages
- f) Some documents relating to ailment of Defendant.

31. Perusal of the aforesaid documents would show that there is no actual user of the trade-mark MENTOS by the defendants and the defence set up is *ex facie* false and frivolous. The defence set up in the written statement has even otherwise not been substantiated, as no evidence has been led in the matter, nor the defendant has chosen to appear to defend the present proceedings. The defendants were proceeded *ex parte* on 04.02.2009. The plaintiff has led its *ex parte* evidence by filing a detailed affidavit of Mr.Sudhir D. Ahuja, Ex.PW-1/1. That from the above, the following propositions emerge:-

- a) Whether the suit against the registered proprietor is maintainable on the basis of common law remedy of passing off?
- b) Whether the Defendants can be said to rely upon mere registration in order to claim use?
- c) Whether the Defendants can be said to be user of the said trademark MENTOS when there is no visible, cogent and continuous use in the market?
- d) Whether the Plaintiff is entitled to reliefs as claimed in the Complaint?

32. The question as to whether a suit against a registered proprietor is maintainable on the basis of Common Law remedy of passing off, is no longer *res integra*. A Division Bench of this Court in the case of **N.R. Dongre And Ors. vs Whirlpool Corporation and Anr.**, reported as AIR 1995 Delhi 300 answered the same in affirmative, wherein it was held as under:

“According to section 28(1) of the Act, registration of a trade mark gives to the registered proprietor thereof exclusive right to use the same in relation to the goods in respect of which it has been registered. But from the opening words of section 28(1) namely, "subject to other provisions" it is clear that the right conferred on a trader is not an indefeasible right as the same is expressly made subject to other provisions of the Act. This is further, made clear by section 27(2) of the Act, which provides that "nothing in this Act shall be deemed to affect the right of action against any person for passing off the goods as goods of another person or the remedies in respect thereof." Thus it is manifest that Section 28 of the Act and all other provisions come within the "over riding sway of section 27(2) of the Act. Similarly section 33 of the Act also saves vested rights of a prior user. It lays down that nothing in the Act shall entitle a registered proprietor of a trade mark to interfere with the use of the trade mark by a prior user of the same. Thus the right created by section 28(1) of the Act in favour of a registered proprietor of a trade mark is not an absolute right and is subservient to other provisions of the Act namely sections 27(2), 33 etc. Neither section 28 nor any other provision of the Act bars an action for passing off by an anterior user of a trade mark against a registered user of the same.- In other words registration of a trade mark does not provide a defence to the proceedings for passing off as under section 27(2) of the Act a prior user of a trade mark can maintain an action for passing off against any subsequent user of an identical trade mark including a registered user thereof. Again this right is not affected by section 31 of the Act, under which the only presumption that follows from registration of a mark is its prima facie evidentiary value about its validity and nothing more. This presumption is not an unrepeatable one & can be displaced. Besides section 31 is not immune to the over-riding effect of section 27(2). Placing reliance on section 28(3) of the Act the learned counsel for the appellant contended that when two registered proprietors of identical or near similar trade marks cannot be deemed to have acquired exclusive right to the use of any of those trade marks against each other, how can an unregistered user of the trade mark maintain an action for passing off against a registered user of the same mark and seek an injunction restraining him from using it. This argument of the learned counsel seems to stem from a misconception about the real purpose and intent of section 28(3). Actually section 28(3) protects registered proprietor of a trade mark from an infringement action by another registered proprietor of an

identical or near similar trade mark. In this regard it will also be necessary to extract Section 28(3) and section 30(1)(d) which carries out the intent of section 28(3). These sections read as under:-

"28(3) Where two or more persons are registered proprietors of trade marks, which are identical with or nearly resemble each other, the exclusive right to the use of any of those trade marks shall not (except so far as their respective rights are subject to any conditions or limitations entered on the register) be deemed to have been acquired by any one of those persons as against any other of those persons merely by registration of the trade marks but each of those persons has otherwise the same rights as against other persons (not being registered users using by way of permitted use) as he would have if he were the sole registered proprietor.

30(1)(d) Notwithstanding anything contained in this 'Act, the following acts do not constitute an infringement or the 'right to the use of a registered trademark-

.....the use of a registered trade mark, being, one of two or more trade marks registered under this Act which are identical or nearly resemble each other, in exercise of the right to the use of that trade mark given by registration under this Act." '

(32) A reading of section 28(3) with section 30(1)(d) shows that the proprietor of a registered trade mark cannot file an infringement action against a proprietor of an identical or a similar trade mark. While sections 28(3) and 30(1)(d) on the one hand deal with the rights of registered proprietors of identical trade marks and bar action of infringement against each other. Section 27(2) on the other hand deals with the passing off action. The rights of action under section 27(2) are not affected by section 28(3) and section 30(1)(d). Therefore, registration of a trade mark under the Act would be irrelevant in an action for passing off. Registration of a trade mark in fact does not confer any new right on the proprietor thereof than what already existed at common law without registration of the mark. The right of goodwill & reputation in a

trade mark was recognised at common law even before it was subject of statutory law. Prior to codification of trade mark law there was no provision in India for registration of a trade mark. The right in a trade mark was acquired only by use thereof. This right has not been affected by the Act and is preserved and recognised by sections 27(2) and 33.”

33. From a bare reading of the observations made by the Division Bench it becomes clear that Section 27(2) of the Trade Marks Act, 1999 read with Section 29 gives the Section 27(2) an overriding effect over and above the other provisions of the act due to its opening words “nothing in this act....”. Therefore, the passing off remedy is a broader remedy and can defeat even the rights of a registered trademark and consequently the suit against the registered proprietor is maintainable on the ground of prior use and trans-boarder reputation. This has also been affirmed by Hon’ble Supreme Court in the said judgment of the Whirlpool (Supra).
34. The documents filed by the Plaintiff clearly reveal its international adoption of the trademark MENTOS since the year 1929 and at least since the year 1960s and 1970s. Copies of international registrations are filled with list of documents dated 22.11.2003:
 - a) Registration/Renewal Certificates in many countries of the world in respect of trademark MENTOS.
 - b) Advertisement/registration/notification renewal certificate/ advertisement of renewal status bearing no.410587 in class 30.
 - c) Application no.756010 of plaintiff.
 - d) Representation copy of Caution Notice issued by Plaintiff.
 - e) Order of Asstt Registrar of Trade Marks dated 26.6.2003 in application no.756010.
 - f) Advertisement of the Trade Mark Journal of Defendant’s trademark.
 - g) Cancellation Petition filed by Plaintiff.
 - h) Insertion placed by the Defendants in Economic times.

- i) Various order in favour of Plaintiff regarding various trademarks granted in this Hon'ble Court.

35. Aforesaid documents confirm that the adoption and use of the trademark by the plaintiff along with goodwill and reputation of the trademark MENTOS coupled with Indian registration since 1983 as well as its international user. The Hon'ble Supreme Court in the case of *Milment Oftho Industries v. Allergan Inc., 2004 (28) PTC 585 (Supreme Court)*, has extended the proposition in Whirlpool (supra) by stating that the prior use in the world will prevail over and above the use of the mark in India when it comes to reputation of well known trade marks and the anomalous situation that parallel question of identical trademarks in identical goods cannot be allowed to run in India vis-à-vis other countries of the world. In the present case, not only the plaintiff qualifies the aforesaid propositions but the product of the plaintiff is available and is being sold under the trademark MENTOS extensively in India as well. The Apex court observed as under:-

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, who 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. 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. 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 Appellants have suffered for having wrongly not been allowed to use the mark for all these years.

36. Applying the aforesaid observations of the Supreme Court to the facts of the present case, it becomes patently clear that the plaintiff is internationally a prior user and prior adopted of the trademark MENTOS. The plaintiff is using the mark in India as well. A prior use creates/confers the rights upon the person who actually uses the trademark in the course of trade. There is also no quarrel with the proposition that the rights created by virtue of use are conferred upon the person who actually uses the trademark in the trade and not the person who is mere adopter of the trademark and this proposition has been extensively discussed by the Division Bench in *Pioneer Nuts and Bolts Pvt. Ltd v. M/s Goodwill Enterprises*, reported at (2009) 41 PTC 362 (Del) (DB) wherein the Hon'ble Court observed that similar kind of situation has arisen wherein the plaintiff has been the user of the said trademark MENTOS in India extensively since 1983 and internationally on 1929 and more specifically

its registrations dates back to 1967, 1970, 1971 and 1972 in respective countries. The above facts coupled with continuous use reveal that the plaintiff is extensively using the trademark MENTOS in respect of chewing gums and defendants, although claim themselves to be registered proprietor of the trademark since the year 1977, have never used the said trademark and the plea of the defendants that it had actually used the mark continuously, is false which is also reflected from the inactions of the defendants by choosing not to contest the suit. Therefore the plaintiff can be said to be prior user and prior adopter of the trademark MENTOS more specifically in view of the applicability of observations of Hon'ble Supreme Court in Milment (supra) and Pioneer (supra):

B & C) REGISTRATION DOES NOT AMOUNT TO USE AND DEFENDANTS CANNOT BE SAID TO BE USER OF THE SAID TRADEMARK MENTOS WHEN THERE IS NO COGENT AND CONTINUOUS USE IN THE MARKET.

37. This court has time and again in catena of cases observed that the mere entry on the Register does not testify the user of the trademark. This proposition was laid down way back in 1978 by Division Bench in the case of *Century Traders v. Roshan Lal Duggar Co.*, on 27 April, 1977 AIR 1978 Delhi 250, 15 (1979) DLT 269.

(14) Thus, the law is pretty well-settled that in order to succeed at this stage the appellant had to establish user of the aforesaid mark prior in point of time than the impugned user by the respondents. The registration of the said mark or similar mark prior in point of time to user by the appellant is irrelevant in an action passing off and the mere presence of the mark in the register maintained by the trade mark registry did not prove its user by the persons in whose names the mark was registered and was irrelevant for the purposes of deciding the application for interim injunction unless evidence had been led or was available of user of the registered trade marks.

In our opinion, these clear rules of law were not kept in view by the learned Single Judge and led him to commit an error.

38. It is also apparent from the defendants' inaction not to contest the present proceedings that the defendants have only the trademark registration as their defence. However, it is clear that mere registration is no defence in the suit of passing off in view of observations of this Court in the case of *Whirpool (supra)* and also does not establish its use in view of Century (supra). Accordingly, the defendants cannot rely on a trademark registration as a matter of defence to testify its use and no special equities can be claimed on the basis of mere factum of registration.
39. The present case is also fully covered by the observations made in the case of *Century Traders (Supra)*, although the defendants have claimed themselves to be the registered proprietor of the trade mark MENTOS, but they have failed to place any documents on record, nor any evidence has been led to substantiate the said plea raised by them. Even otherwise the mere fact that the defendants have placed an advertisement in the newspaper in the year 2003 clearly reveals the intention of the defendant was never to use the said trade mark, but to sell the same mark to a third party competitor to encash upon the goodwill and reputation.
40. Having regard to the facts of the present case and the evidence placed on record, there is little room for doubt that the plaintiff is entitled to the reliefs claimed in the plaint and the action of the defendant is motivated with a view to sell the trade mark MENTOS to a third party.
41. It is also submitted that a clear cut case of passing off is established in view of dictum of *Cadila Health Care Ltd. v. Cadila Pharmaceuticals Ltd.* (2001) 5 SCC 73. Relevant portion of the judgment is reproduced below:

“The Supreme Court held that in a passing off action for deciding the question of deceptive similarity the following facts had to be taken into consideration:

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

- 42. I am satisfied that the plaintiff will suffer incalculable harm and injury to its goodwill, reputation and business in general if the defendant is allowed to carry on their aforesaid illegal activities in complete disregard to the statutory and common law rights of the plaintiff.
- 43. Accordingly, the interim order dated 09.12.2003 is confirmed. The plaintiff is entitled to a declaration that the plaintiff is the prior adopter and prior user of the trade mark MENTOS. Plaintiff is also declared to be the copyright holder of the label comprising of the mark MENTOS and

the defendants have imitated the said label. The plaintiff has been able to establish a case of passing off.

44. The documents placed on record would show that the plaintiff is the prior international as well as the prior adopter of the mark MENTOS in India with respect to identical goods. The consumers of the said products are children, who are less discerning and moreso in relation to the identical trademarks. The likelihood of confusion cannot be doubted and in fact there is grave likelihood of confusion and deception, if the defendants are allowed to use the said trade-mark or authorize to sell the same to any other person, who may launch the product in the market. It is clear that the defendants have merely copied the trade-mark deliberately with a view to piggy bag and ride over the long standing reputation of the plaintiff acquired with the passage of time, internationally and in India. The defendants have also chosen not to contest the matter and thus the plaintiff is also entitled to the benefit of damages with a view to ensure that such litigants desist from indulging into such activities and they are not given benefit of the acts, which resulted to the loss to the plaintiff, and absenting themselves from appearing in the court. It would be useful to refer to the judgment in the case of *Time Incorporated v. Lokesh Srivastava and Anr.*, reported as 116 (2005) DLT 599 wherein this Court has observed as under:

“This Court has no hesitation on saying that the time has come when the Courts dealing actions for infringement of trade marks, copy rights, patents etc. should not only grant compensatory damages but award punitive damages also with a view to discourage and dishearten law breakers who indulge in violations with impunity out of lust for money so that they realize that in case they are caught, they would be liable not only to reimburse the aggrieved party but would be liable to pay punitive damages also, which may spell financial disaster for them”

45. Accordingly, the present suit is decreed in favour of the plaintiff and against the defendants in terms of paragraph 31 (i), (ii) & (iii) of the plaint. Plaintiff will be entitled to damages in the sum of Rs.5.0 lacs.

G.S.SISTANI,J

MARCH 06, 2012
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