

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

% *Judgment Reserved on : January 19, 2016*

Judgment Delivered on : January 28, 2016

+ **FAO (OS) 194/2015**

MAC PERSONAL CARE PVT. LTD. & ANR. Appellants

Represented by: Mr.S.K.Bansal, Advocate with
Mr.Vinay Kumar Shukla,
Advocate

versus

LAVERANA GMBH AND CO.KG & ANR. Respondents

Represented by: Mr.Manav Kumar, Advocate

CORAM:

HON'BLE MR. JUSTICE PRADEEP NANDRAJOG

HON'BLE MS. JUSTICE MUKTA GUPTA

PRADEEP NANDRAJOG, J.

1. Considering the pleadings of the parties and the documents filed, the learned Single Judge has decided IA No.18151/2012 filed by the respondent seeking interim injunction against the appellant pending disposal of the suit as also IA No.19804/2013 filed by the respondent praying that the ex-parte interim order dated September 28, 2012 should be vacated. It is apparent that the decision is in favour of the respondent and against the appellant.

2. Issue concerns respondent's trademark LAVERA : a latin word meaning '*the truth*'. The respondent claims that registered as a limited liability company in Germany it adopted the trademark LAVERA in early 1980 as an arbitrary word mark in connection with cosmetic product and the product was marketed for the first time in Germany in the year 1982. The product has been marketed world over in various countries. The mark has been registered in several countries namely Germany, Denmark, Hong Kong, Italy, France, Japan, Singapore and Ireland. It was pending

registration in India under No.1863388. As per the respondent due to extensive worldwide use of the mark and sale of the cosmetic products the mark has earned goodwill and reputation. The respondent's products are freely available on e-bay and online stores. Respondent claims that sale figures for the years between 2007 till 2011 range between 74,76,500 euros to 1,15,27,839 euros. As per the respondent it has domain name registration for the mark LAVERA such as www.lavera.com, www.lavera.d, www.lavera.in, www.lavera.jp, www.lavera.cz, www.lavera.eu and www.lavera.ca. Respondent claims that people from India travelling abroad are exposed to its products apart from exposure thereto through the internet. Respondent claims that it learnt of appellant using the mark MAC'S LAVERA in September, 2010 when it was published in the trademark journal No.1441 for purposes of opposition, to which application the respondent filed an opposition.

3. In the written statement filed the appellant pleaded that the respondent has not used the mark anywhere in India and its registration application No.1863388 dated September 16, 2009 was proved of said fact because it disclosed therein that the mark LAVERA was proposed to be used in India. It was pleaded that from the plant aloe vera, the predecessors of the appellant No.1 got motivation for the word LOVERA by joining the words composing aloe vera and removing 'a' i.e. ALOEVERA – A = LOEVERA. Motivated therefrom the word LAVERA was independently conceived of. As per the appellant the trademarks LAVERA and MAC'S LAVERA were being used by since the year 2005. Pleading that the word LAVERA was in public domain, being a latin word meaning the truth, it was pleaded that the respondent could not appropriate the same to itself. It was pleaded that considering that the appellant was using the word LAVERA as a part of its trademark

since 2005 the respondent has acquiesced in the use of the word by the appellant evidenced by the fact that the suit was filed in the year 2012.

4. Issuing summons in the suit and IA No.18151/2012, on September 28, 2012 the learned Single Judge granted an ex-parte ad-interim injunction against the appellant and in favour of the respondent.

5. In a somewhat lengthy judgment, the learned Single Judge has considered : (i) whether the respondent prima-facie established a trans-border reputation; (ii) whether the principle that a party having knowledge that another party has already applied for the trademark in relation to the same goods would be entitled to the defence of being a bona-fide user of the mark; and (iii) whether delay and laches would be detrimental to the case of the respondent.

6. Considering the material placed by the respondent before the learned Single Judge, in paragraph 44 of the impugned order the learned Single Judge has returned a prima-facie finding as under:-

“As far as user of the trademark LAVERA in India is concerned, the plaintiff no doubt has to establish prima facie that the trademark in question is unique goodwill in other countries and then the benefit of trans-border goodwill and reputation can be derived by the plaintiff.”

7. Thereafter the learned Single Judge has referred to **Law of Trademarks and Tradenames** by Kerly's, the decision of a Division Bench of this Court reported as AIR 1995 Delhi 300 N.R.Dongre Vs. Whirlpool Corporation, upheld by the Supreme Court in the decision reported as 1996 (2) Arb.LR 488 N.R.Dongre Vs. Whirlpool Corporation, 1999 PTC (19) 160 Allergan Inc. Vs. Milment Oftho Industries, (1979) 2 All.ER 927 Erven Warnik B.V. Vs. J.Townend & Sons (Hull) Ltd. and 2014 (57) PTC 422 Cadbury U.K. Ltd. & Anr. Vs. Lotte India Corporation Ltd. The learned Single Judge has held that as per said

judgment that existence of a merchant on webpage which are of foreign origin are sufficient to show the trans-border nature of reputation without having any activity in India at the relevant time. The learned Single Judge has thereafter held in para 51 of the impugned order as under:-

“Thus, in the present case the plaintiff prima-facie has been able to make out a strong case of goodwill and reputation as well as trans-border use of the mark LAVERA.”

8. On the issue of delay the learned Single Judge has referred to the law declared in the decisions reported as 2004 (28) PTC 121 Midas Hygien Industries Pvt. Ltd. Vs. Sudhir Bhatia & Ors., AIR 1990 Delhi 19 Hindustan Pencils Pvt. Ltd. Vs. M/s.India Stationery Products Co. and AIR 1997 SC 1398 M/s.Bengal Waterproof Ltd. Vs. M/s.Bombay Waterproof Manufacturing Co. to hold that prima-facie the adoption of the offending word by the appellant was dishonest and thus injunction had to be granted. Thus, the second and the third question addressed by the learned Single Judge has been answered compositely.

9. As held by the Supreme Court in the decision reported as (1991) 1 PTC 1 Wander Ltd. & Anr. Vs. Antox India Pvt. Ltd., an appeal against an interim order granting injunction by a learned Single Judge would require the same to be considered by the Appellate Court on the principle of law : whether the learned Single Judge has noted relevant material and applied the correct principles of law to the same.

10. At the forefront of the attack of learned counsel for the appellant to the prima-facie view taken by the learned Single Judge concerning trans-border reputation is the striking contradiction in the impugned order. As noted above in paragraph 44, after considering the material placed before him, the learned Single Judge has prima-facie held that on the existing

material the plaintiff had yet to establish prima-facie that the trademark in question in unique goodwill in other countries, for only then the benefit of the trans-border goodwill and reputation can be derived in India. A contradictory finding has been returned in paragraph 51 after discussing the law. We have noted hereinabove the finding arrived at by the learned Single Judge in paragraph 44 and 51 of the impugned decision.

11. The error committed by the learned Single Judge is apparent. Once having prima-facie held that the respondent had not placed sufficient material and thus had not prima-facie established a reputation and goodwill in other countries, it was useless to note the law on trans-border reputation and thereafter abruptly held as has been done by the learned Single Judge by recording an opinion in paragraph 51.

12. Whilst the principle of law on trans-border reputation has been correctly extracted by the learned Single Judge, its application is ex-facie wrong. A self-contradictory finding has been returned by the learned Single Judge in paragraph 44 and 51.

13. But, with respect to the finding that the respondent has prima-facie not established a trans-border reputation, we find that the learned Single Judge has misapplied himself.

14. The concept of trans-border reputation has grown quite considerably through case law, which has been noted by the learned Single Judge, and the judgments referred to by the learned Single Judge have been noted by us in paragraph 7 above. We therefore need not re-write the same. The concept of trans-border reputation essentially means that a plaintiff wishing to enforce its unregistered trademark in India need not necessarily have a commercial use in the Indian market in order to maintain an action for passing off. International reputation and renown may suffice if the same spills over to India.

15. Thus, there are two elements to the above, namely:-

- (i) That there is an international reputation inuring in a trademark in favour of the plaintiff on account of use made overseas; and
- (ii) The reputation spills over to India.

16. With the growth of the internet and the modern means of communication including radio, television and broadcasting, the second element is relatively easier to establish as compared to the position which existed even one decade ago. In fact, each new telecom technology (e.g. for 2G to 4G) increased band width enabling more and more to be achieved on say a hand-held cell phone. Therefore, standing anywhere within the country at any time pressing a few buttons, a person is able to view international trademarks with such ease that the spill over factor has become quite easy to establish.

17. But as regards the first element, of having a reputation in an international market, the question does arise as to the extent and magnitude of the reputation in order for it to be considered adequate to prima-facie satisfy the first condition of trans-border reputation; justifying the grant of an interim injunction pending trial.

18. In our opinion anything done at a commercial level should suffice to achieve the prima-facie satisfaction unless it can be called de minimis or trivial. Even if one is to assess in a rough way the amount or magnitude of the international reputation, there can be certain factors which assists in this process. If the trademark is registered in favour of the plaintiff in a jurisdiction abroad, said fact would demonstrate:-

- (i) That the proprietor has declared to the world that the subject matter is its trademark;
- (ii) That the declaration has been made in a public record open to inspection under the Trademark Laws of most jurisdictions; and

(iii) That in all probability, the Registering Authority of the registering country satisfied itself that the mark was distinctive and therefore, capable of distinguishing the Registrant's Trademark from those of other traders.

19. As against a single registration, registrations in multiple jurisdictions create an even stronger presumption that reputation inures in favour of the trademark.

20. If international magazines, journals and publications including books have referred to the trademark, then such publications, depending upon their renown can be taken as valuable of reputation, even if they are few.

21. Volume of sales is also valuable evidence of reputation to form a prima-facie opinion.

22. This is not an exhaustive enumeration of the factors which a Court can take into account, but are a few factors which are certainly relevant as showing the probability of the reputation existing internationally and thereby guiding the Court in forming a prima-facie view.

23. We have already noted hereinabove the sales figures and would highlight that respondent's sales which were 74,76,500 euros in the year 2007 rose to 1.15,27,839 euros. The respondent has 7 domain name registrations, each having the word LAVERA. The respondent has registrations of the trademark LAVERA in 8 countries abroad.

24. The threshold to establish a prima-facie reputation in the international market has been achieved by the respondent.

25. The reasoning of the learned Single Judge concerning the second and the third question posed and answered is correct.

26. The word LAVERA is of foreign origin (latin) and thus is in public domain. It means the truth. The respondent has prima-facie

demonstrated adoption of the word LAVERA as its trademark and used since 1982. It is apparent that the adoption of the mark qua the product of the respondent would be absurd as understood in the law of trademarks because cosmetic products sold under the tradename LAVERA would have no connection with truth. They may have a connection with beauty.

27. The respondent applied for registration of the trademark in India and when its application was pending the appellant applied for registration of the same mark in the year 2010. The reason for which the appellant claims having reached, by way of coining the word LAVERA is opined by us to be prima-facie contrived. The reasoning of the learned Single Judge that the adoption is prima-facie dishonest is legally sound and the law declared in Hindustan Pencil's case (supra) being applicable is a correct view taken.

28. The issue of delay and acquiescence, has rightly been discussed by the learned Single Judge, as the two go hand in hand.

29. Succinctly stated, seven factors come into play when delay and laches in initiating proceedings and acquiescence are pleaded, as were extracted by a learned Single Judge of this Court in the decision reported as ILR (2007) 1 Delhi 409 M/s.Ansul Industries Vs. Shiva Tobacco Co. The same are as under:-

“(i) Mere delay is not sufficient to defeat grant of injunction in cases of infringement of trademark. Delay is not a bar to enforce and claim a legal right.

(ii) Consent in addition to other statutory defences is a complete defence to action for infringement.

(iii) Consent may be expressed or implied but inaction in every case without anything more does not lead to an inference of implied consent. Implied consent means conduct inconsistent with claim of exclusive right over the

*trademark, trade name etc. Implied consent implies standing by or allowing the defendant to invade rights and by conduct encouraging the defendant to expend money, expand business alter their condition etc. in contravention of the rights of the proprietor. In the case of **Power Control Appliances Vs. Sumeet Machines (P) Limited** (supra), Supreme Court has held that acquiescence implies positive act and not merely silence or inaction as is involved in laches.*

(iv) Defences under the common law are also available to the defendant. Prior user is a valid defence.

(v) Balance of convenience between the parties should be taken into consideration by the Court, while deciding the question of grant of injunction. Unexplained laches accompanied by prejudice and/or other reasons can be a ground to deny injunction. However, prejudice in such cases does not mean mere simplicitor delay. Onus in this regard is on the defendant.

(vi) Where initial adoption by the defendant itself is vitiated by fraud and/or is dishonest, delay is not a valid ground to allow misuse. If user is at the inception is tainted by fraud and dishonesty; continuous use does not bestow legality.

(vii) Interest of general public who are the purchasers and buyers has to be protected. In case to protect general public/consumers, injunction order is required to be passed, delay by itself is not un-surpassable obstacle.”

30. Honesty of adoption at the initial stage itself has to be established to take benefit of concurrent registration under Section 12(3) of the Act. If the user at the inception is dishonest, subsequent concurrent user will not purify the dishonest intention. Commercial honesty at the initial stage of adoption is required. What is protected is innocent use of a mark by two or more persons unknown to each other and unaware of the mark

used by the other. Adoption must be honest, bona-fide and without any knowledge on the part of the adopter. The onus and burden is on the defendant to show that the user and adoption at the initial stage was honest.

31. The end result would be that concerning trans-border reputation findings against the respondent returned by the learned Single Judge, we prima-facie find the respondent having established a reputation abroad which has spilt over to India. The appellant fails in shaking the foundation of the impugned order concerning the finding returned jointly on the second and the third issue. Being a registered proprietor of the trademark LAVERA in many countries abroad and having intended to market the product in India and having applied for registration of its trademark in India, notwithstanding the respondent prima-facie not establishing a goodwill associated with its trademark abroad and the same not having therefore crossed the shores of India, it would be entitled to an injunction against the appellant because prima-facie the appellant is a dishonest adopter of the mark.

32. The appeal is dismissed but without any order as to costs.

(PRADEEP NANDRAJOG)
JUDGE

(MUKTA GUPTA)
JUDGE

JANUARY 28, 2016
mamta