

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

% *Judgment reserved on: 17th October, 2014*
Judgment pronounced on: 7th November, 2014

+ **CS(OS) No.1023/2013**

THE ROYAL BANK OF SCOTLAND GROUP PLC ...Plaintiff
Through Mr. Raunaq Kamath, Adv.

versus

SHAREKHAN LIMITEDDefendant
Through Mr. M. Dutta, Adv.

CORAM:
HON'BLE MR.JUSTICE MANMOHAN SINGH

MANMOHAN SINGH, J.

1. The present suit for permanent injunction restraining passing off; dilution & tarnishment; unfair competition; damages; rendition of accounts; delivery up; etc. has been filed by the plaintiff against the defendant in respect of the trademark MAXTRADE. Along with the suit, plaintiff also filed an application under Order 39 Rule 1 and 2 being I.A.No.8797/2013.

2. The suit along with said interim application was listed before Court on 24th May, 2013. After hearing, detailed ex-parte order was passed restraining the defendant, its officers, agents, servants, etc. from using the trade mark MAXTRADE or any other mark that is identical/deceptively similar to the plaintiff's registered

trade/service mark MAXTRAD in respect of the same services that are being offered by the plaintiff.

3. Upon service of interim order, the defendant filed an application under Order 39 Rule 4 CPC for vacation of an ex-parte interim order being I.A. No. 10569/2013. No written statement was filed and accordingly the right to file the written statement was closed vide order dated 24th September, 2013. However, the defendant filed a written statement along with the counter claim only recently on 22nd September, 2014. In the meanwhile, the plaintiff filed an application under Order 39 Rule 2A and 5 CPC being I.A. No. 20679/2013 By this order, I propose to decide the three pending applications.

4. Brief facts of the present case as per the plaint are that the plaintiff, is a British part-nationalized banking and insurance company formed under the laws of United Kingdom. It has been stated that the plaintiff dates back to the year 1727 and now the plaintiff along with its subsidiaries is presently one of the largest banking groups in the world with around 33 million customers and around 3700 branches globally across all brands. The plaintiff has taken pioneer initiatives such as introduction of the first over-draft facility in 1728, mobile banks in 1946, and a full-fledged system of online banking in 1997.

5. The plaintiff is engaged in offering a wide variety of banking and financial services to its customers such as transaction banking, risk management, investment banking, private banking and asset

management. Additionally, the plaintiff it also provides a diverse range of products including personal loans, credit cards, savings accounts, financial planning, investment and insurance services.

6. It has been stated that one of the most popular marks of the plaintiff is the trademark/service mark “MAXTRAD”, among other well known registered marks such as THE ROYAL BANK OF SCOTLAND and RBS. The first use of the mark MAXTRAD was made in the year 1999. The mark MAXTRAD was acquired by the Plaintiff from ABN Amro North America Inc. in the year 2007. The products/services under the mark MAXTRAD are currently available in approximately 35 countries including in India, where the use of the mark dates back to the year 2004.

7. It has been explained that MAXTRAD is plaintiff’s market-leading and internet-based system that allows companies to access a wide range of services in order to manage trade finance and supply chain management transactions globally. With MAXTRAD, companies can initiate trade transactions and enquire on facilities, outstanding documentary credits and collections. The plaintiff also offers access to commercial matters of credit, guarantees, documentary collections, e-invoicing and supply chain finance among other solutions under the mark MAXTRAD.

8. Plaintiff’s services under the mark MAXTRAD include MaxTrad Enterprise which enables large multinational companies to collaborate online with their supply chain partners around the world and MaxTrad Express which supports small-to-medium sized

companies that are new to global trade or gradually expanding the scope of their overseas sourcing and/or sales activities.

9. The plaintiff's website at www.maxtrad.com provides extensive information regarding its services under the mark MAXTRAD. The record for the domain name www.maxtrad.com was created on 17th February 2000. Thousands of customers around the world including in India access this website and are well acquainted with the plaintiff's business and services offered under the mark MAXTRAD.

10. It is averred that the plaintiff has extensively and continuously used the mark MAXTRAD in an uninterrupted manner ever since its adoption so as to cause a secondary significance to be attributed to the mark and to cause the mark to be taken to exclusively connote the services and business of the plaintiff.

11. The plaintiff has substantial goodwill and reputation amongst members of the trade and general public. The products and services of the plaintiff under the mark MAXTRAD has generated revenues running into several millions of US dollars. The details thereof have been provided in Para 10 of the plaint, of which the revenue for the year 2012, is stated to be in excess of 10 billion USD. It is averred that this has resultantly rendered the trademark MAXTRAD as highly distinctive and exclusively recognized and associated with the plaintiff.

12. The plaintiff has also conducted various sales and promotion activities, through various mediums inter alia print, television, satellite, promotional materials and Internet in respect of the mark MAXTRAD. MAXTRAD has been advertised in magazines having international circulation including in India. Spill-over reputation and advertising has also contributed to creating a tremendous reputation for the instant trademark within India. Therefore, the relevant classes of consumers in India are well aware of the services of the plaintiff under the trademark MAXTRAD. The plaintiff is stated to have incurred huge expenditure in the sales promotion for the MAXTRAD trademark.

13. It has further been stated that plaintiff has won various awards and accolades over the years. Some of them are: the Best Trade Finance Bank in the United Kingdom, Global Finance, 2013; the Best Bank for Documentary Processing Services 2010-2012, Global Trade Review; the Best Use of IT in Wholesale/Transaction Banking for its UK-based e-Invoicing solution: December, 2012; Most Innovative Web-Based Supply Chain Finance Solution Provider, MaxTrad – Financial-I Leaders in Innovation 2011; Best Web-based Supply Chain Financing Solution, MaxTrad – Global Finance 2011.

14. The plaintiff has stated that being a reputed mark used widely across geographies, the mark MAXTRAD qualifies as a well known trade mark. Apart from common law rights in its mark MAXTRAD in India the same is registered in favour of the plaintiff in several

countries around the world, including Argentina, Australia, Austria, Benelux, Brazil, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Hungary, Ireland, Italy, Malaysia, Norway, Portugal, Qatar, Singapore, Spain, Sweden, Switzerland, Taiwan, Thailand, United Kingdom, United States of America and WIPO.

15. It has further been stated that the predecessor of the plaintiff secured prior registration in India under No. 1036425 in class 16 for the mark MAXTRAD which lapsed due to an oversight on 13th August 2011. The Plaintiff has taken corrective measures and filed a new application under No. 2461816 in class 36 in order to secure its proprietary rights in the mark MAXTRAD, which is currently pending.

16. It is the case of the plaintiff that in late November 2012, the plaintiff learnt of the use of the identical/deceptively similar mark 'MAXTRADE' by the defendant with respect to identical services when the plaintiff was notified about the advertisement of the defendant's application under No. 1870785 in the Trade Marks Journal published on 12th November, 2012.

17. The defendant is engaged in the business of providing services in respect of financial consultancy, brokerage, stocks and bonds, capital investment, financial evaluation and management, securities and security consultancy and is advertising and selling the said services under the mark "MAXTRADE".

18. It is the case of the plaintiff that the defendant's mark 'MAXTRADE' is visually and phonetically virtually identical to the plaintiff's mark 'MAXTRAD'. The defendant being in the same trade as the plaintiff has adopted the mark MAXTRADE in order to benefit from the plaintiff's existing use and substantial reputation for the mark MAXTRAD. The defendant's mark is confusingly and deceptively similar to the plaintiff's mark "MAXTRAD" for identical services.

19. The defendant has filed an application for registration of the mark MAXTRADE in class 36, thereby admitting to the distinctiveness of the mark in relation to the said services and claims user of the impugned mark 'MAXTRADE' since 1st October 2009. The said use is much later than the use by the plaintiff's adoption and first use of the mark 'MAXTRAD' in India in 2004. Thus, the adoption of an identical mark by the Defendant is prima facie dishonest and attempts to ride on the reputation of the plaintiff's mark 'MAXTRAD'. Defendant's application No. 1870785 for registration of the impugned mark 'MAXTRADE' in Class 36 was filed on 7th October, 2009 when the plaintiff's trademark registration No. 1036425 was still subsisting.

20. The use of the impugned mark by the defendant is creating and is bound to create confusion in the minds of the general public who due to the deceptive similarity between the impugned mark and the plaintiff's mark will associate the services rendered by the defendant with those of the plaintiff or as having some nexus or

connection with the plaintiff. In fact various complaints have been lodged by consumers against the defendant's fraudulent conduct and services.

21. On coming to know of the misuse of its trademark 'MAXTRAD' the plaintiff vide notice dated 4th February 2013 informed the defendant of its rights and in order to amicably settle the matter requested the defendant to furnish an undertaking not use the impugned identical/deceptively similar mark in relation to their services. The defendant replied to the plaintiff's notice through its letter dated 5th March 2013 wherein though it admitted to be later in adoption of the impugned mark 'MAXTRADE', it expressed its intention to continue to use the impugned mark.

22. Aggrieved thereof the plaintiff filed the present suit and the application being I.A.No.8797/2013 seeking the interim relief. By order dated 24th May, 2013, the interim order was passed. The right to file the written statement was closed by order dated 24th September, 2013. The defendant is still insisting for hearing of injunction application and its application under Order 39 Rule 4 CPC being I.A. No.10569/2013 who has stated in the application that the defendant is engaged in the business of online trading since 8th February, 2000 and is India's leading online retail broking house with an International repute. It has a pan- India presence with over 1,529 outlets serving 950,000 customers along with an international presence through its branches in UAE and Oman.

23. It provides its online trading services to its customers through one of its leading software, Trade Tiger wherein exists an important and exclusive feature known as “Max Trade” introduced in the year 2009. The said feature allows the customers to execute intraday transactions thereby offering them maximum trading advantages in terms of limits. The said feature has been widely appreciated and extensively used by its numerous customers and therefore attained distinctiveness in its respective field and is exclusively associated to the defendant and is exclusively associated with the defendant and more specifically to the software Trade Tiger. The said mark was derived by the defendant on the idea that the product/services offered by the defendant offer ‘maximum trading advantages’ in terms of limits.

24. It is averred by the defendant in the application that the present suit has been filed after an inordinate delay of more than 6 months. Even as per the plaint, the plaintiff came to know about defendant’s mark on 12th November, 2012 but served the notice on 4th February, 2013 i.e. after almost 3 months and preferred this suit in May, 2013 i.e. further after 2 months. There are no reasons for the said delay given by the plaintiff and therefore the ex parte temporary injunction should be vacated as the defendant enjoys a healthy market reputation and has a substantial business turnover which has grossed around Rs.2500 crores per day even before the induction of its new feature MAX TRADE in its already existing

software TRADE TIGER which is a substantial amount considering the nature of services being provided and the market in India.

25. It is alleged that the purpose and utility of the product marketed as MAX TRADE of the defendant is completely different to that of the product of the plaintiff being MAXTRAD. The fields in which the products are being used are altogether different and exclusive to each other. The price of both the products has a huge difference. MAX TRADE is being used as a trading product for its main software being TRADE TIGER and therefore has no utility if provided alone without the software TRADE TIGER. However, MAXTRAD is independent software catering to a different clientele. MAX TRADE is used only for online intraday trading in NSE, BSE, MCX etc. and therefore has a clientele comprising mostly of individuals, while MAXTRAD is a mark that is used by companies, organisations, groups etc. mainly for the purposes of export and import. There can be no confusion amongst the customers of the plaintiff while coming across defendant's product MAX TRADE which is being used in the context of maximum trading at lower margins while trading on intraday basis.

26. The customers of the two products are bound to be intelligent and well educated considering the nature of dealings undertaken by both the parties. Hence, there is no chance of customers being deceived. In order to use the product MAXTRADE of the defendant, the customer will have to open a trading account with the defendant which is not a criterion at all with the plaintiff's

product and accordingly to open an account with the defendant shall amply clear source of the product. The two marks are not phonetically similar and may be pronounced differently thereby not causing any confusion.

27. The plaintiff in its reply to the said application has refuted the averments of the defendant and additionally has also subsequently filed an application under Order 39 Rule 2A and 5 CPC alleging contempt by the defendant of the interim order dated 24th May, 2013.

28. In nut-shell, the defendant has raised the following pleas in its pleadings and the oral submissions addressed by the counsel for the defendant though right of the defendant to file the written statement was closed :

- i) No infringement.
- ii) Name and nature of business are different.
- iii) Trade mark of the plaintiff is not protectable as it is not a coined word.
- iv) There is a delay in bringing action.

29. Let me now consider the submissions of the defendant in order to satisfy myself otherwise, the Court has a power to pass the decree under Order 8 Rule 10 CPC in the absence of the written statement.

Test of infringement

30. It is to be examined as to whether the trademark used by the defendant is deceptively similar to the trademarks of the plaintiff.

31. In this regard, it is necessary to discuss Section 29 of the Act which reads as under :

- (1) A registered trade mark is infringed by a person who, not being a registered proprietor or a person using by way of permitted use, uses in the course of trade, a mark which is identical with, or deceptively similar to, the trade mark in relation to goods or services respect of which the trade mark is registered and in such manner as to render the use of the mark likely to be taken as being used as a trade mark.
- (2) A registered trade mark is infringed by a person who, not being a registered proprietor or a person using by way of permitted use, uses in the course of trade, a mark which because of-
 - (a) its identity with the registered trade mark and the similarity of the goods or services covered by such registered trade mark; or
 - (b) its similarity to the registered trade mark and the identity or similarity of the goods or services covered by such registered trade mark; or
 - (c) its identity with the registered trade mark and the identity of the goods or services covered by such registered trade mark, is likely to cause confusion on the part of the public, or which is likely to have an association with the registered trade mark.
- (3) In any case falling under clause (c) of sub-section (2), the court shall presume that it is likely to cause confusion on the part of the public.
- (4) A registered trade mark is infringed by a person who, not being a registered proprietor or a person using by way of permitted use, uses in the course of trade, a mark which-

- (a) is identical with or similar to the registered trade mark; and
 - (b) is used in relation to goods or services which are not similar to those for which the trade mark is registered; and
 - (c) the registered trade mark has a reputation in India and the use of the mark without due cause takes unfair advantage of or is detrimental to, the distinctive character or repute of the registered trade mark.
- (5) A registered trade mark is infringed by a person if he uses such registered trade mark, as his trade name or part of his trade name, or name of his business concern or part of the name, of his business concern dealing in goods or services in respect of which the trade mark is registered.
- (6) For the purposes of this section, a person uses a registered mark, if, in particular, he-
- (a) affixes it to goods or the packaging thereof;
 - (b) offers or exposes goods for sale, puts them on the market, or stocks them for those purposes under the registered trade mark, or offers or supplies services under the registered trade mark;
 - (c) imports or exports goods under the mark; or
 - (d) uses the registered trademark on business papers or in advertising.
- (7) A registered trade mark is infringed by a person who applies such registered trade mark to a material intended to be used for labelling or packaging goods, as a business paper, or for advertising goods or services, provided such person, when he applied the

mark, knew or had reason to believe that the application of the mark was not duly authorised by the proprietor or a licensee.

- (8) A registered trade mark is infringed by any advertising of that trade mark if such advertising-
 - (a) takes unfair advantage of and is contrary to honest practices in industrial or commercial matters; or
 - (b) is detrimental to its distinctive character; or
 - (c) is against the reputation of the trade mark.
- (9) Where the distinctive elements of a registered trade mark consist of or include words, the trade mark may be infringed by the spoken use of those words as well as by their visual representation and reference in this section to the use of a mark shall be construed accordingly.

32. Section 29(2) of the Act is a new provision introduced in the Act whereby the scope of infringement enlarged than under the earlier enactment. The words used in Section 29(2)(b) are “similarity” of trademarks as opposed to use of the word “deceptively similarity” used in Section 29(1). The threshold for considering similarity of trademarks under this section is therefore apparently different from the consideration related to “deceptive similarity” of trade mark.

In order to come under this provision, it is sufficient that the similarity of the marks is such as is likely to cause confusion not deception or to cause any association with the registered trade mark.

33. It is settled law that in order to prove the case for infringement of trade mark, the plaintiff has to show that the essential features of the registered trade mark which has been adopted by the defendant has been taken out from the plaintiff's registered trademark. Only the marks are to be compared by the Court and in case the registration is granted in favour of the plaintiff, he acquires valuable right by reason of the said registration.

34. In order to understand what is a mark, one has to read the definition of the "mark" and the "trademark" under Sections 2(1)(m) and 2(zb) of the Act together. In Section 2(1)(m), the meaning of the "mark" includes the name and word and/or any combination thereof. Similarly, as per Section 2(zb), "trademark" means, if the same is used in relation to goods or services for the purposes of indicating or so as to indicate a connection in the course of trade between the goods or services, as the case may be, and some person having the right as proprietor to use the mark. In the present matter, this Court is also dealing with the case of infringement of trademark. The plaintiff No. 1 is admittedly the registered proprietor of the trademark.

35. The test of comparison of the marks side by side is not a sound one since a purchaser will seldom have the two marks actually before him when he makes his purchase. The eye is not an accurate recorder of visual detail and marks are remembered by general impression or by some significant detail rather than by any photographic recollection of the whole. While judging the question

as to whether the defendants have infringed the trade mark by colourable imitation of the mark or not, the Court has to consider the overall impression of the mark in the minds of general public and not by merely comparing the dissimilarities in the two marks.

36. In order to establish infringement, the main ingredients of Section 29 of the Act are that the plaintiff's mark must be registered under the Act; the defendant's mark is identical with or deceptively similar to the registered trade mark; and the defendant's use of the mark is in the course of trade in respect of the goods covered by the registered trade mark. The rival marks are to be compared as a whole. Where two rival marks are identical, it is not necessary for the plaintiff to prove further that the use of defendant's trademark is likely to deceive and cause confusion as the registration shows the title of the registered proprietor and the things speak for themselves. In an infringement action, once a mark is used as indicating commercial origin by the defendant, no amount of added matter intended to show the true origin of the goods can effect the question. If Court finds that the defendant's mark is closely, visually and phonetically similar, even then no further proof is necessary.

Test of comparison of rival marks

37. (i) In ***Pianotist Co. Ltd.'s application***, 1906(23) R.P.C. 774, it was observed as follows :

“You must taken the two words. You must judge of them, both by their look and by their sound. You must consider the goods to which they are to be applied. You must consider the nature and kind of customer who would be likely to buy those goods. In fact, you must consider all the

surrounding circumstances; and you must further consider what is likely to happen if each of those trade marks is used in a normal way as a trade mark for the goods of the respective owners of the marks. If, considering all those circumstances, you come to the conclusion that there will be a confusion -that is to say, not necessarily that one man will be injured and the other will gain illicit benefit, but that there will be a confusion in the mind of the public which will lead to confusion in the goods-then you may refuse the registration, or rather you must refuse the registration in that case.”

(ii) In ***Parker Knoll Ltd. v. Knoll International Ltd.***, 1962 R.P.C. 265, Lord Denning explained the words "to deceive" and the phrase "to cause confusion" as follows:

“Secondly, 'to deceive' is one thing. To 'cause confusion' is another. The difference is this :

When you deceive a man, you tell him a lie. You make a false representation to him and thereby cause him to believe a thing to be true which is false. You may not do it knowingly, or intentionally, but still you do it, and so you deceive him. But you may cause confusion without telling him a lie at all, and without making any false representation to him. You may indeed tell him the truth, the whole truth and nothing but the truth, but still you may cause confusion in his mind, not by any fault of yours, but because he has not the knowledge or ability to distinguish it from the other pieces of truth known to him or because he may not even take the trouble to do so.”

(iii) In the case of ***Sandow Ltd.'s Application***, 31 R.P.C. 205 it was clarified that among the surrounding circumstances to be taken into account, one of considerable importance is the imperfect recollection a person is likely to have of a mark with which he is

only vaguely acquainted. While approving the above tests for comparison of the two word-marks, the Supreme Court held in ***F. Hoffmann-La Roche & Co. Ltd. Vs. Geoffrey Manner & Co. Pvt. Ltd.*** (1969) 2 SCC 716 that:

“It is also important that the marks must be compared as whole. It is not right to take a portion of the word and say that because that portion of the word differs from the corresponding portion of the word in the other case there is no sufficient similarity to cause confusion. The true test is whether the totality of the proposed trade mark is such that it is likely to cause deception or confusion or mistake in the minds of persons accustomed to the existing trade mark.”

(iv) In the case of ***Tokalon Ltd. v. Davidson and Co.*** 32 R.P.C. 133, it was observed that:

“...We are not bound to scan the words as we would in a question of compatriotic literarum. It is not a matter for microscopic inspection, but to be taken from the general and even casual point of view of a customer walking into a shop.”

(v) In ***De Cordova and Ors. v. Vick Chemical Cov.***(1951) 68 R.P.C. 103, the Privy Council while considering whether the mark 'Karsote Vapour Rub' was deceptively similar to trade mark 'Vapo Rub', inter alia, held as under:

“It is more useful to observe that in most persons the eye is not an accurate recorder of visual detail and that marks are remembered rather by general impressions or by some significant detail than by any photographic recollection of the whole.”

(vi) In ***Amritdhara Pharmacy v. Satya Deo Gupta*** AIR 1963 SC 449, it was held that the trademarks Amritdhara and Laxmandhara are closely deceptively similar. Similarly in ***Corn Products Refining Co. Vs. Shangrila Food Products Ltd.*** AIR 1960 SC 142, it was held that that the two trademarks GLUCOVITA and GLUVITA are similar.

(vii) In the decision reported in AIR 1951 Bom 147, ***James Chadwick & Bros. Ltd. v. The National Sewing Thread Co. Ltd.***, Chagla C.J. and Bhagwati, J.; referring to the words "likely to deceive or cause confusion" in section 10 of the Act observed as follows:-

“Now in deciding whether a particular trade mark is likely to deceive or cause confusion, it is not sufficient merely to compare it with the trade mark which is already registered and whose proprietor is offering opposition to the registration of the former trade mark. What is important is to find out what is the distinguishing or essential feature of the trade mark already registered and what is the main feature or the main idea underlying that trade mark, and if it is found that the trade mark whose registration is sought contains the same distinguishing or essential feature or conveys the same idea, then ordinarily the Registrar would be right if he came to the conclusion that the trade mark should not be registered. The real question is as to how a purchaser, who must be looked upon as an average man of ordinary intelligence, would react to a particular trade mark, what association he would form by looking at the trade mark, and in what respect he would connect the trade mark with the goods which he would be purchasing. It is impossible to accept that a man looking at a trade mark would take in every single feature of the trade mark. The question would be, what would he normally retain in his mind after looking at the trade mark? What would be the

salient feature of the trade mark which in future would lead him to associate the particular goods with that trade mark?"

(viii) In the decision reported as (1945) 65 RPC 62, ***Aristoc Ltd v. Rysta Ltd.*** decided by the House of Lords, it was held that the comparison of trademarks was a matter of first impression, but the mark "Rysta" too closely resembled mark "Aristoc" phonetically and it would be liable to lead to deception and confusion.

38. Thus, it appears to the Court that the trademark used by the defendant is deceptively similar to the trademark of the plaintiff and the use of the mark MAXTRADE by the defendant is likely to cause confusion and deception, as it is almost identical to the trademark of the plaintiff.

Passing Off

39. The fundamental difference that passing off is an action which essentially protects goodwill and not the unregistered trademark has been explained in the case of ***Star Industrial Co. Ltd. v. Yap Kwee Kor*** [1976] Fleet Street Patent Law Reports 256 decided by Privy Council comprising Lord Diplock in his speech wherein it has been observed that passing off is an action which is to preserve the goodwill of a person and not aimed at to protect an unregistered trademark. In the words of Lord Diplock, it has been observed as under:-

"Whatever doubts there may have previously been as to the legal nature of the rights which were entitled to protection by an action for "passing off" in courts of law or equity, these were laid to rest more than 60 years ago by the speech of Lord Parker of the Waddington in A.G.

Spalding & Bros. v. A.W. Gamage Ltd. (1915) 32 R.P.C. 273 ("the Gamage Case") with which the other members of the House of Lords agreed. A passing off action is a remedy for the invasion of a right of property not in the mark, name or get up improperly used, but in the business or goodwill likely to be injured by the misrepresentation made by passing-off one person's goods as the goods of another. Goodwill, as the subject of proprietary rights, is incapable of subsisting by itself. It has no independent existence apart from the business to which it is attached. It is local in character and divisible; if the business is carried on in several countries a separate goodwill attaches to it in each. So when the business is carried abandoned in one country in which it is acquired a goodwill the goodwill in that country perishes with it although the business may continue to be carried on in other countries. Once the Hong Kong Company had abandoned that part of its former business that consisted in manufacturing toothbrushes for export to and sale in Singapore it ceased to have any proprietary rights in Singapore which was entitled to protection in any action for passing-off brought in the courts of that country."

40. From the reading of the said observation of Lord Diplock's speech, it is clear that the gist of passing action is goodwill and reputation which is sought to be protected and thereby misrepresentation is prevented in the course of trade. It is altogether different matter that misrepresentation may include the use of mark in the course of trade and ultimate effect of passing off action in most of the cases is protection of the trademark anyway, but the heart and soul of the passing off action has always been protection of goodwill and reputation aimed at to prevent misrepresentation.

41. One of the essential ingredients is goodwill. The classic case of passing off as it existed since its genesis always insist the existence of goodwill of a merchant in order to give him a locally enforceable right to sue for passing off. This has been explained by Kerly's in his book called **Law of Trade Marks and Trade Names** (Fourteenth Edition) (South Asian Edition 2007), wherein the concept of goodwill has always been categorized as local in character and the learned author observed thus:-

“Since an essential ingredient of passing off is damage (or prospective damage) to goodwill, he (the Plaintiff) must show that he had, at the date when the Defendants started up, in this country not merely a reputation but a goodwill capable of being damaged. Goodwill, however, is local; it is situated where the business is. Thus a foreign claimant may have a reputation in this country- from travellers or periodicals of international circulation or, increasingly, from exposure on the Internet-yet still fail in an action for passing off because he has here no business and so no goodwill. Such cases have been not uncommon in recent years, and have caused considerable difficulty. Where there is a substantial reputation here, our courts will often accept minimal evidence that a business exists here, but there has to be some”.

42. This concept of goodwill and the insistence of localized business has been traditional concept of passing off which sometimes is called as classic case of passing off. However, this concept of passing off has undergone changes due to advent of technology and modernization. For the said reason the tendency to insist localized goodwill has been transformed into proving reputation of a global character. All this would mean that courts

entertaining the case of passing off can discount the localized existence of goodwill and the business in the territory specific if the substantial nature of reputation has been proved which has some kind of nexus in the territory where the protection is sought and the said concept in the modern language is called trans-border reputation whereas the goodwill is always local in character, the concept of reputation is dynamic and is all encompassing. The reputation of a person can transcend boundaries by virtue of its advertisement in the newspapers, media circulation, expatriate reputation due to cultural akinness and all other relevant factors which connect one countries business with that of another. This has been aptly explained by the Division Bench of Delhi High Court in the case of **N.R.Dongre v. Whirlpool Corporation**, AIR 1995 Delhi 300 wherein the S. Jagannath Rao, J. speaking for the Bench has approved the concept of trans-border reputation in the following words:-

“(25) Thus a product and its trade name transcend the physical boundaries of a geographical region and acquire a trans border or overseas or extraterritorial reputation not only through import of goods but also by its advertisement. The knowledge and the awareness of the goods of a foreign trade and its trade mark can be available at a place where goods are not being marketed and consequently not being used. The manner in which or the source from which the knowledge has been acquired is immaterial”.

43. The said judgment of **Whirlpool** [supra] has been approved by the Supreme Court of India in the case of **N.R. Dongre and Ors. vs Whirlpool Corpn. and Anr.**, 1996 (2) ARB.LR 488 SC

wherein J.S. Verma, J. speaking for the Bench again reiterated the exposition of law laid down by the Division Bench of Delhi High Court. This exposition of 1996 in the case of **Whirlpool [supra]** has been further revisited by the courts in India more importantly in the case of **Allergan Inc. v. Milment Oftho Industries**, 1999 PTC (19) (DB) 160 wherein Ruma Pal, J. has carefully analyzed the interplay between the goodwill and reputation in a case of passing off action and has laid down that the courts in India have followed the third approach which is a middle path wherein strict insistence of localized business is not necessary. However, reputation which is sought to be protected has to be substantial one having global character. The observation made by Judge is as under:-

"13. Reputation is the connection that the public makes between a particular product or service and a particular source which may or may not be known. Some Courts have held that reputation which is built up on the basis of trade within the country is entitled to protection from passing off. Others Court have made some concession to the communication explosion and held that if the plaintiff has a reputation in another country, his right to the mark will be protected if it is coupled with some actual or proposed business activity within the country (See Alain Beniardin et Cie v. Pavilion Properties, (1967) RFC 581; Amway Corporation. v. Eurway Int. Ltd. (1974) RFC 82."Still other Courts have held that with the increase in international commerce, mass media communications and the frequency of the foreign travel, political and geographic boundaries do not stem the exchange of ideas and instant information. Local business is not an essential ingredient of a passing off action. However, the reputation must be well established or a known one See : Panhard et Levassor v. Panhard Motor Co. Ltd., (1901) 18 RPC 405; Sheraton

Corpn. v. Sheraton Motels, (1964) RPC 202; Orkin Exterminating Co. Tnd. v. Pest Co. of Canada (1985) 5 Canadian Patent Reporter 433; Vitamins L. D.'s Application for Trademark, 1956 (1) RPC 1. The decisions which reflect the first and second view have so held for reasons which are partly historic, partly geographic and partly because reputation was equated with goodwill. Goodwill has been defined as the benefit derived from reputation. It is not the reputation required to found a passing off action. The law of passing off is not trammelled by definitions of goodwill developed in the field of revenue law [per Hockhart J., Conagra Inc. v. McCain Foods (Aust) P. Ltd., 1993 (23) IPR 193 231]. It is an asset of a business assessable in terms of money and transferable (See IRC v. Muller, (1901) AC 217, Trego v. Hunt (1896) AC 7; ITC v. B.C. Srinivas Shetty. In my opinion reputation framing the basis of a passing off action need not be so localised. Whatever the compulsion for the Courts taking the first or second view in other countries, as far as this country is concerned, Courts in India prescribe to the third view and have held that a plaintiff with a reputation which is established internationally can sue to protect it in this country even if it does not have any business activity here. In other words reputation of a product may precede its introduction and may exist without trade in such product in the country. See N.R. Dongre v. Whirlpool Corporation, (DB); J. N. Nichols (Vimto) Ltd. v. Rose & Thistle, 1994 PTC 83 (DB); Calvin Klein Inc. v. International Apparels, (1995) FSR 515 : 1995 IPLR 83; Conagra Inc. v. McCain Foods (Supra) at p. 133.”

44. The said judgment passed in the case of **Milment** (supra) passed by Division Bench of Kolkata High Court has been further approved by Supreme Court of India in the case of **Milment Offtho Industries v. Allergan Inc., (2004) 12 SCC 624** presided by S.N. Variava, J. wherein the Supreme court has laid down that :

“It must also be remembered that nowadays goods are widely advertised in newspapers, periodicals, magazines and other media which is available in the country. This results in a product acquiring a worldwide reputation. 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”.

It was further observed on the facts of the case as under:

“(9) 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.”

45. The Courts in India have started recognizing the global character of the brand names and have started giving them protection merely on the basis of global nature of reputation without insisting any localized business which was significant departure from the classic trinity laid down by Lord Diplock in the case of **Erven Warnink** (Supra).

46. The position of law uptill *Milment* has been followed that the courts in India by placing reliance on the said decision have proceeded to grant interim orders to the multi-nationals having their brands which are of global character and prevented the misuse of the said brands by protecting trans-border reputation subject to fulfilling of essential characteristics necessary to prove trans-border reputation. The decision in the case of *Milment* was also rendered in the year 2004 when the impact of internet, e-commerce, social media was yet to be seen and realized.

47. Recently, this Court has rendered a decision in the case of ***Cadbury UK Limited & Anr vs. Lotted India Corporation Ltd.***, reported in 2014 (57) PTC 422 (Delhi) wherein the decision of law relating to trans-border reputation has been further strengthened and has been taken to another level wherein the court has not merely relied upon the decision of *Milment* (Supra) and *Whirlpool* (Supra) but has also extended the principle of trans-border reputation by observing that the existence of a merchant on web pages which are of foreign origin and social media are sufficient to show the trans-border nature of reputation without having any activity in India at the relevant time.

48. Though it is very broad extension of the concept of trans-border reputation, but it is a question of fact in each case as to how the internet documents are sufficient to show the global character of the trademark and the reputation attached to the same. The impact of the said decision which has been given very recently is

yet to be seen and analyzed by the other courts in India in the upcoming times. Effectively, the concept of trans-border reputation and goodwill is interesting in academic sense. However, due to advent of internet media, international travel, the insistence on the localized business as well as trans-border reputation is nowadays more or less dealt with in a kind of presumptive approach rather than by actual establishment of the same. As the international businesses grow and proximity between the markets would increase, over the time this concept will become weaker and on one good day world will be treated as one market.

49. Salmond & Heuston in Law of Torts (20th Edn., at p. 395) call this form of injury as "injurious falsehood" and observe the same having been "awkwardly termed" as "passing off" and state :

"The legal and economic basis of this tort is to provide protection for the right of property which exists not in a particular name, mark or style but in an established business, commercial or professional reputation or goodwill. So to sell merchandise or carry on business under such a name, mark, description, or otherwise in such a manner as to mislead the public into believing that the merchandise or business is that of another person is a wrong actionable at the suit of that other person. This form of injury is commonly, though awkwardly, termed that of passing-off one's goods or business as the goods or business of another and is the most important example of the wrong of injurious falsehood. The gist of the conception of passing-off is that the goods are in effect telling a falsehood about themselves, are saying something about themselves which is calculated to mislead. The law on this matter is designed to protect traders against that form of unfair competition which consists in acquiring

for oneself, by means of false or misleading devices, the benefit of the reputation already achieved by rival traders.”

50. With regard to the submission that the trade mark of the plaintiff is not distinctive and it is not a coined word, the said submission has no force as it has been discussed by the Court time and again that any word as per definition of the mark can become a trade mark which has acquired its distinctiveness by virtue of user in the course of trade.

51. In ***B.K. Engineering Company Vs. Ubhi Enterprises (Registered) & Anr.***, AIR 1985 DEL 210, this Court held, while deciding the question of passing-off between plaintiff's trade mark B.K. against defendant's trade mark B.K.81 for similar products namely cycle bells. Competition must remain free. This is the life blood of free enterprise system yet, it is essential that trading must not only be honest but must not even unintentionally be unfair. Therefore, the court has gone to the extent that even an unintentional act of trespassing on somebody's Intellectual Property asset cannot allow.

The Court further held in ***B.K. Engineering's*** case (supra) that the test of misappropriation of Intellectual Property/goodwill/reputation is the impression likely to be produced on the casual and unwary customer. In the same judgment in para 16, the Court held that the central question in each case is whether the name or description given by the defendant to his goods is such so as to create a likelihood that a substantial section of the purchasing

public will be misled into believing that his goods are the goods of the plaintiff's.

The Court further held that it must be remembered that we are concerned with the case where both firms are engaged in a common field of activity. The question arises whether the defendants are misleading the public into buying their goods in the belief that they emanated from the Plaintiffs. The Court further said that most defendants in these cases start their business fully aware of the fame of the Plaintiffs name and mark. They want to cash in on the popularity of the plaintiffs product. Whether the goods are inferior or superior, every infringement is, in the way tribute to the excellence of the Plaintiffs wares. It is a major of the popularity of Plaintiffs goods. The Court, also emphasized in para 54 that the fundamental question is whether there is a likelihood of deception of the public by the use of a particular name. If there is likelihood, the defendant will be restrained.

52. Despite of infringement of trademark and passing off in the present matter, there is also another fact of the matter as to whether the trademark MAXTRAD of the plaintiff is well-known trademark as alleged in the plaint. In this regard, it is necessary to examine the definition of Section 2(1)(zg) of the Trade Marks Act, 1999 which reads as under:-

“Well-known trade mark, in relation to any goods or services, means a mark which has become so to the substantial segment of the public which uses such goods or receives such services that the use of such mark in relation to other goods or services would be likely to be

taken as indicating a connection in the course of trade or rendering of services between those goods or services and a person using the mark in relation to the first-mentioned goods or services.”

53. This Court in the recent case has discussed the aspect of determination of the well-known trade mark in the cases of ***Bloomberg Finance LP vs. Prafull Saklecha & Ors.***, judgment delivered by Hon’ble S.Muralidhar, J., reported in 2013 (56) PTC 243 (Del).

In the case of ***Bloomberg Finance LP*** (supra), it was observed in Para 32-44, and 51 that:

32. Section 29 of the TM Act contemplates the owner/proprietor of the registered trade mark alleging infringement of the said mark by another person who is neither a registered proprietor in relation to the goods and services for which the mark is registered, nor has permission to use such mark in the course of his trade. Under Section 29(1) infringement results if the mark is "identical with or deceptively similar to" the registered trade mark and is in relation to the goods and services for which the trademark has been registered. The use of infringing or impugned mark must render it "likely to be taken as being used as a trade mark".

33. Under Section 29(2)(a) infringement occurs where the impugned mark is identical with the registered trademark and the goods or service for which the impugned mark is being used is similar to the goods and services covered by the registered mark. Under Section 29(2)(b) infringement occurs where the impugned mark is similar to the registered mark and the goods and the services for which is used is identical with or similar to the goods and services for which the registered mark is used. Under Section 29(2)(c) infringement occurs where

the impugned trade mark is identical to the registered trade mark and the goods or services for which the impugned mark is used is also identical to the goods/services covered by the registered trade mark.

34. An additional requirement in the above three situations for infringement to result is that the use of the impugned trademark "is likely to cause confusion on the part of the public" or "is likely to have an association with the registered trade mark". Under Section 29(3) when the impugned trademark is identical to the registered trademark and the goods/services for which it is used are also identical to the goods or services for which the registration has been granted then "the Court shall presume that it is likely to cause confusion on the part of the public".

35. Therefore, under Section 29(1), (2) and (3) for infringement to result (i) the impugned mark has to be either similar to or identical with the registered mark and (ii) the goods or services for which the impugned mark is sued has to also either be identical with or similar to the goods or services for which registration has been granted. The scenario is different as regards Section 29(4) of the TM Act 1999. For infringement to result under Section 29(4), the following conditions are required to be fulfilled:

- (i) the person using the impugned mark is neither a registered proprietor in relation to the goods and services for which the mark is registered nor is using it by way of permitted use
- (ii) the impugned mark must be used in the course of trade
- (iii) the impugned mark has to be either similar to or identical with the registered mark

(iv) the impugned mark is used for goods or services different from those for which registration has been granted;

(v) the registered trade mark has a reputation in India;

(vi) the use of the impugned mark is without due cause, and takes unfair advantage of or is detrimental to,

(a) the distinctive character of the registered trade mark; or

(b) the reputation of the registered trade mark.

36. The expression 'mark' has been defined in Section 2(m) of the TM Act to include "a device brand, heading, label, ticket, name, signature, word, letter, numeral, shape of goods, packaging or combination of colours or any combination thereof." (emphasis supplied) Therefore, for the purpose of Section 29(4), the use of a mark as part of a corporate name would also attract infringement. In other words, if the registered mark is used by a person, who is not the registered proprietor of such mark or a permitted user, as part of the corporate name under which he trades then also infringement would also result. What is however important is that the registered trade mark must be shown to have a reputation in India and should be shown to have been used by the infringer 'without due cause". Further, it should be shown that such adoption or use has resulted in the infringer taking unfair advantage of the registered mark or is detrimental to the distinctive character or repute of the registered trade mark.

37. Section 29(4) is also distinct from Section 29(1) to (3) of the TM Act in another important aspect. The element of having to demonstrate the likelihood of confusion is absent. Perhaps to balance out this element, the legislature has mandated the necessity of showing that (a) the mark has a reputation in India (b) that the mark has a distinctive

character (c) the use by the infringer is without due cause. In other words, the legislative intent is to afford a stronger protection to a mark that has a reputation without the registered proprietor of such mark having to demonstrate the likelihood of confusion arising from the use of an identical or similar mark in relation to dissimilar goods and services. The words 'detriment' in the context of the 'distinctive character' of the mark brings in the concept of 'dilution' and 'blurring'. In the context of 'repute' they are also relatable to the concept of 'tarnishment' and 'degradation'. The words "takes 'unfair advantage'" refers to 'free-riding' on the goodwill attached to mark which enjoys a reputation. The disjunctive 'or' between the words 'distinctive character' and 'repute' is designedly inserted to cater to a situation where a mark may not have a distinctive character and yet may have a reputation.

38. Section 2(zg) of the TM Act defines a 'well known trade mark' in relation to any goods or services to mean 'a mark which has become so to the substantial segment of the public which uses such goods or receives such services that the use of such mark in relation to other goods or service would be likely to be taken as indicating a connection in the course of trade or rendering of services between those goods or services and a person using the mark in relation to the first-mentioned goods or services.' Under Section 11(9)(i) and (v), for the purposes of registration of a well-known mark it is not necessary for such mark to have been used in India or be well-known to the public at large in India. It must be well known to a substantial segment of the relevant public.

39. It may not be necessary for the proprietor of a registered mark to show that it is a 'well-known trademark' as defined in Section 2(zg) although if in fact it is, it makes it easier to satisfy the 'reputation' requirement of Section 29(4) of the TM Act. The presumption of distinctiveness attached to a registered mark is a rebuttable one. At the

interim stage, either of these elements should be shown prima facie to exist. Whether in fact these elements are satisfied would depend on the evidence led by the parties at trial.

40. It may be noticed at this stage that even prior to the TM Act 1999 the Supreme Court in *N.R. Dongre v. Whirlpool Corporation* 1996 PTC (16) recognised the concept of cross-border reputation when it upheld the decision of the Division Bench of this Court which granted a temporary injunction in favour of a Plaintiff based abroad. The Division Bench of this Court followed the decision in *Apple Computer Inc. vs. Apple Leasing & Industries* 1992 (1) ALR 93, and held that it was not necessary to insist that a particular plaintiff must carry on business in a jurisdiction before improper use of its name or mark can be restrained by the court. The main consideration was "the likelihood of confusion and consequential injury to the plaintiff and the need to protect the public from deception. Where such confusion is prima facie shown to exist, protection should be given by courts to the name or mark".

41. Turning to Section 29(5) of the TM Act 1999, it is seen that it relates to a situation where (i) the infringer uses the registered trademark "as his trade name or part of his trade name, or name of his business concern or part of the name, of his business concern" and (ii) the business concern or trade is in the same goods or services in respect of which the trade mark is registered. If the owner/proprietor of the registered trade mark is able to show that both the above elements exist then an injunction restraining order the infringer should straightway follow. This is in the nature of a per se or a 'no-fault' provision which offers a higher degree of protection where both the above elements are shown to exist. For the purpose of Section 29(5) of the TM Act 1999, there is no requirement to show that the mark has a distinctive character or that any confusion is likely to result from the use by the infringer

of the registered mark as part of its trade name or name of the business concern.

42. However, in a situation where the first element is present and not the second then obviously the requirement of Section 29(5) is not fulfilled. The question is whether in such a situation the owner or proprietor of the registered trade mark is precluded from seeking a remedy under Section 29(4) of TM Act, 1999 if the conditions attached to Section 29(4) are fulfilled.

43. In the considered view of this Court, given the object and purpose of Section 29(1) to (4), Section 29(5) cannot be intended to be exhaustive of all situations of uses of the registered mark as part of the corporate name. Section 29(5) cannot be said to render Section 29(4) of the TM Act, 1999 otiose. In other words, the legislature may not be said to have intended not to provide a remedy where the registered trade mark is used as part of the corporate name but the business of the infringer is in goods or services other than those for which the mark is registered.

44. The Statement of Objects and Reasons of the TM Act 1999 explain that sub-section (5) of Section 29 "seeks to prevent a person from adopting someone else's trade mark as part of that person's trade name or business name by explicitly providing that such action shall also constitute an infringement under this Act. This provision will bring this clause in harmony with the proposed amendments to Sections 20 and 22 of the Companies Act, 1956." Sections 20 and 22 of the CA have been amended to provide that where the name of a company resembles a registered trade mark, then the registration of the company in that name can be refused. The ROC is expected to gather information from the TM Registry. Under Section 22(5) of the CA, the owner of the registered trade mark can apply to have the name of a company that is purportedly infringing

the mark cancelled. All of this only strengthens the conclusion that where Section 29(5) offers a high degree of protection where both the elements envisaged in that provision exist, it is not meant to preclude the owner of a registered mark remediless when only the first and not the second element exists.

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51. The legal position emerging as a result of the above discussion may be summarised as under :

(a) Section 29(5) of the TM Act 1999 relates to a situation where (i) the infringer uses the registered trademark "as his trade name or part of his trade name, or name of his business concern or part of the name, of his business concern" and (ii) the business concern or trade is in the same goods or services in respect of which the trade mark is registered.

(b) This is in the nature of a per se or a 'no-fault' provision which offers a higher degree of protection where both the above elements are shown to exist. If the owner/proprietor of the registered trade mark is able to show that both the above elements exist then an injunction order restraining order the infringer should straightway follow. For the purpose of Section 29(5) of the TM Act 1999 there is no requirement to show that the mark has a distinctive character or that any confusion is likely to result from the use by the infringer of the registered mark as part of its trade name or name of the business concern.

(c) However, in a situation where the first element is present and not the second then obviously the requirement of Section 29(5) is not fulfilled. Where the registered trade mark is used as part of the corporate name but the business of the infringer is in goods or services other than those for which the mark is registered, the owner or

proprietor of the registered trade mark is not precluded from seeking a remedy under Section 29(4) of TM Act 1999 if the conditions attached to Section 29(4) are fulfilled.

(d) Given the object and purpose of Section 29(1) to (4), Section 29(5) cannot be intended to be exhaustive of all situations of uses of the registered mark as part of the corporate name. Section 29(5) cannot be said to render Section 29(4) otiose. The purpose of Section 29(5) was to offer a better protection and not to shut the door of Section 29(4) to a registered proprietor who is able to show that the registered mark enjoying a reputation in India has been used by the infringer as part of his corporate name but his business is in goods and services other than that for which the mark has been registered.

(e) A passing off action is maintainable in the case of a well known mark even if the goods and services being dealt with by the parties are not similar.”

54. It appears from the abovementioned two decisions rendered by this Court read with Section 29(4) of the Act that a registered trademark is infringed by a person who, not being a registered proprietor or a person using the identical with or similar trademark in relation to goods or services which are not similar to those for which the trademark is registered and if the same has a reputation in India and is of distinctive character or repute of the said registered trademark. In other means, if the registered trademark is a well-known trademark which covers the definition of Section 2(1)(zg) of “well-known trademark”, the same can be protected even in relation to dissimilar goods used by the defendant. Although, in the present case, it appears to the Court that the plaintiff is also providing educational training and programmes. In

the present case, the plaintiff's trademark/mark MAXTRAD is coined and well known trademark in view of the material placed on record. It is registered trademark. Its validity cannot be challenged in an action for infringement.

55. In the case of **Reddaway v. Banham** (1896) 13 RPC 218 which was referred in the case of **Globe Super Parts vs. Blue Super Flame Industries** AIR 1986 Delhi 245, the judgment given by the Single Judge of this Court speaking through Shri Mahinder Narain, J who discussed the case of **Reddaway** (Supra) at great length by referring the facts of the matter. The said narration of facts are as under:

“.....The words of common language which were held to be exclusively appropriated by Reddaway, in that case were 'Camel Hair'. What was asserted in the Reddaway's case was that beltings were manufactured and sold by various persons; that the beltings used to be sold under the name of various animals like Yak, Llama, Buffalo, Crocodile etc. What Plaintiff Reddaway asserted was that Banham was their one time employee and that he had started selling the beltings under the name 'Camel Hair'; Reddaway also asserted that they were entitled to stop others, like Defendants Banham, from using the word 'Camel Hair' with respect to the beltings manufactured by them.

48. This case was decided by the House of Lords on or about 26th March, 1896. The case was started on 3rd May, 1893 when Frank Reddaway and F. Reddaway & Co. Ltd., commenced the suit in the Manchester District Registry of the Queen's Bench Division against George Banham and George Banham & Co. Ltd., for an injunction to restrain the Defendants from infringing certain trade marks and from

continuing to use the word 'Camel in such a manner as to pass off their goods as and for the plaintiff's goods. It was asserted that the plaintiffs had, during the course of trade, sold very large quantities of beltings as 'camel beltings' and that the word 'Camel' appeared upon, or was attached to their beltings as 'camel beltings'. In England and abroad the word 'camel', or the figure of a camel, was universally understood in all the places where their beltings was sold, to indicate goods to be of plaintiffs manufacture. It was also asserted that beltings was sold as 'camel' and 'camel hair beltings' also. The action was commenced because the Defendants' company and the Defendant Banham had recently sold in England and advertised for sale in conjunction with the word "Camel" large quantities of beltings, which belting was not made by the plaintiffs and thus, the persons who desire for purchasing beltings of the Plaintiff would be deceived by the Defendants' use of the word 'Camel', into the belief that they were purchasing the beltings of the plaintiffs' manufacture.

49. The plaintiffs got the injunction from Collins, J. but the Defendants' appeal was allowed by the Court of Appeal holding that 'Camel Hair' Belting' was merely a truthful description of the nature of the goods and nobody can be prevented from using that name, although it may lead to goods being purchased under that name, as a goods of a particular maker. The Court of Appeal held that 'Camel Hair Belting was a true description of the goods, and that it was the name by which a person wanting to buy goods would ask for them. Again a judgment was given for the Defendants. The plaintiffs then appealed to the House of Lords.

50. The House of Lords examined the case, and held that even "descriptive words" like 'Camel Hair Belting' were capable of exclusively appropriation, that the words 'Camel Hair Belting' have acquired a secondary signification with respect to the beltings in the sense that the words 'Camel Hair' with respect to the trade in beltings had lost their

primary meaning, to indicate belting made of camel hair, but has acquired a secondary significance or meaning in the trade, and came to connote the products of the plaintiffs. The House of Lords found that there was ample evidence to justify the finding that amongst those who were the purchasers of such goods, the words "Camel Hair" were not applied to beltings made of that material in general; that in short, it did not mean in the market belting made of a particular material, but belting made by a particular manufacturer. The House of Lords thus came to the conclusion that common words of a language can be exclusively appropriated to a particular manufacturer as they had acquired a special meaning as denoting the goods of a particular manufacturer/ trader.

51. Lord Herschell also dealt with "coined" words, that did not have any meaning in the language; and at page 228 line 19, said that "words never in use before, and meaningless except as indicating by whom the goods in connection with which it is used were made, there could be no conceivable legitimate use of it by another person". Thus the "coined" "created", "Fancy", or "new" words which were not in use in any language before, and which did not have any meaning in the ordinary language, as evidenced by their absence in authoritative and standard language dictionaries, were the exclusive property of the person who first "coined", or created them and adopted them for use, and used it in connection with any article the only reason why a hitherto meaningless word would be used by another in connection with his activities would be to deceive the public, that the letters article, thing or goods or the articles, thing or goods of the former. He also observed that "he was unable to see why a man should be allowed in this way, more than in any other, to deceive purchasers into the belief that they are getting what they are not, and thus to filch the business of a rival".

56. So far as the averment of the defendant that the present suit has been filed after a delay of more than 6 months, is concerned, the same is immaterial in an action for infringement.

57. The issue of delay and acquiescence has been considered by Courts in various matters. Though in the present case, this Court did not find any much delay which may fatal in passing the interim order in a suit for infringement. Some of them are as under :

(i) In the case of ***Midas Hygiene Industries Pvt. Ltd. vs. Sudhir Bhatia and Others***, 2004 (28) PTC 121 (SC), it was observed as under:

“5. The law on the subject is well settled. In cases of infringement either of Trade Mark or of Copyright normally an injunction must follow. Mere delay in bringing action is not sufficient to defeat grant of injunction in such cases. The grant of injunction also becomes necessary if it prima facie appears that the adoption of the Mark was itself dishonest.”

(ii) In the case of ***Swaran Singh vs. Usha Industries (India) and Anr.*** AIR 1986 Delhi 343 (DB), it was observed as under:

“7. There is then the question of delay. Learned counsel for the respondents had urged that the delay is fatal to the grant of an injunction. We are not so satisfied. A delay in the matter of seeking an injunction may be aground for refusing an injunction in certain circumstances. In the present case, we are dealing with a statutory right based on the provisions of the trade and Merchandise Marks Act, 1958. An exclusive right is granted by the registration to the holder of a registered trade mark. We do not think statutory

rights can be lost by delay. The effect of a registered mark is so clearly defined in the statute as to be not capable of being misunderstood. Even if there is some delay, the exclusive right cannot be lost. The registered mark cannot be reduced to a nullity.....”

(iii) In the case of ***Hindustan Pencils Pvt. Ltd. Vs. M/s. India Stationery Products Co.*** AIR 1990 Delhi 19, it was observed as under:

“31. It was observed by Romer, J. in the matter of an application brought by J.R.Parkingnon and Co. Ltd., (1946) 63 RPC 171 at page 181 that "in my judgment, the circumstances which attend the adoption of a trade mark in the first instance are of considerable importance when one comes to consider whether the use of that mark has or has not been a honest user. If the user in its inception was tainted it would be difficult in most cases to purify it subsequently". It was further noted by the learned Judge in that case that he could not regard the discreditable origin of the user as cleansed by the subsequent history.”

(iv) In the case of ***Rolex SA v. Alex Jewellery***, (supra), it was observed as under:

“24.Even if the defendant, at the time of commencing the use, did not know of the inherent risk in adopting the well-known trade mark, the defendant, at least, immediately on applying for registration and on opposition being filed by the plaintiff became aware of the perils in such use. Thus, use by the defendant of the mark is for short time only and use during the period of opposition is of no avail.....

25.With respect to laches, acquiescence and waiver, such defence is available only when some positive act of encouragement is shown on the part of the plaintiff. Not only no such positive act shown in the present case but the

opposition filed by the plaintiff to the application for registration of the defendant ought to have warned the plaintiff that the plaintiff is not allowing the defendant to use the mark.....”

58. In the present case, the defendant itself has applied for registration of the trademark MAXTRADE. Once the defendant claimed before the Trade Marks office and has tried to obtain the registration of the mark, he is estopped to raise the plea of validity of the registered trademark of the plaintiff. The services provided by the defendant are allied and cognate.

59. In view of aforesaid reasons, the plaintiff has made out a strong case of infringement as well as passing off as plaintiff's trademark prima facie is held to be well-known and famous trademark. The defendant has totally failed to offer any explanation as to how the said mark is adopted by it as the defendant at the time of adoption must be aware about the trademark of the plaintiff.

60. The defendant under these circumstances has failed to establish any case of vacation of ex-parte interim order. The application of the defendant under Order 39 Rule 4 CPC being I.A. No. 10569/2013 is liable to be dismissed. Consequently, the plaintiff has made out a case for continuation of the interim orders already passed during the pendency of the suit. Thus, the application of the plaintiff under Order 39 Rule 1 and 2 CPC being I.A.No.8797/2013 is allowed. The interim order passed on 24th May, 2013 is confirmed restraining the defendant from using, advertising, offering services or goods either online or in any other manner and/or operating under a trade name/company

name/trading style or dealing in any manner whatsoever, under the mark MAXTRADE or any mark identical/deceptively similar to the plaintiff's mark MAXTRAD.

61. Both I.A. No.8797/2013 and I.A. No.10569/2013 are disposed of according. The finding given are tentative which shall have no bearing when the matter would be considered at the final stage after recording of evidence of the parties.

62. As far as application of the plaintiff under Order 39 Rule 2A and 5 CPC being I.A. No.20679/2013 is concerned, the defendant is directed to strictly comply with the order dated 24th May, 2013 as well as this order. Accordingly, the application being I.A. No.20679/2013 is disposed of with a liberty to the plaintiff to file a fresh application if the defendant acts in contempt of the said orders.

NOVEMBER 07, 2014

**(MANMOHAN SINGH)
JUDGE**