

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

% **Date of decision: 25th October, 2018**

+ **CS(COMM) 17/2016 & IAs No.387/2016 (u/O XXXIX R-1&2 CPC) & 1718/2016 (u/O VII R-11 CPC)**

ELOFIC INDUSTRIES LIMITED & ANR Plaintiffs

Through: Mr. Surinder Singh, Adv.

Versus

MOBIS INDIA LIMITED AND ANR Defendants

Through: Mr. Manish Biala and Mr. Ashutosh Upadhyaya, Advs.

CORAM:

HON'BLE MR. JUSTICE RAJIV SAHAI ENDLAW

1. This suit was filed by the plaintiffs claiming the following reliefs:

“i. *An order and decree of declaration be passed in favour of the Plaintiffs and against the Defendants, its directors, partners, promoters as the case may be and its officers, representatives, agents, assignees, distributors, licenses, private investigators, market surveyors and all others acting for and on their behalf to the effect that the threats are unjustified and groundless and that the alleged infringement for the trademarks and copyright which the threats relate to, does not amount to infringement of any legal right of the present defendants and also that the Plaintiffs commercial activities by packaging, selling, marketing, offering to sell, directly or indirectly, dealing with its products viz., Filters including Oil, Air, Fuel & Hydraulic filters to be used for Automobiles bearing Plaintiffs' Registered Trademark ELOFIC as well as the name of vehicle/ mark of third party's including of the*

CS(COMM) 17/2016

Page 1 of 11

Defendants any of the mark i.e. Hyundai, Sonata, Accent, i10, i20 and/or Santro etc. used in a manner as described in paragraph no.28 above is legal, lawful and hence protected as “Fair Use” within the provisions of the Trademarks Act, 1999.

- ii. An order of Permanent injunction restraining the Defendants, its directors, partners, promoters as the case may be and its officers, representatives, agents assignees, distributors, licenses, private investigators, market surveyors and all other acting for and on their behalf, from marketing or continuing groundless threats of legal proceedings / actions against Plaintiffs and their representatives, including dealers, wholesalers, stockists etc.*
- iii. An order and decree for payment of damages of Rs.1,00,01,000/- (Rupees one crore and one thousand only) or more be passed in favour of the Plaintiffs and against the defendants for loss of sales, reputation and goodwill of Plaintiffs caused by the groundless threats of the Defendants.*
- iv. An order for costs in these proceedings in favour of Plaintiffs.*
- v. Any other relief which this Hon’ble Court may deem fit and proper in the circumstances of the case and in the interest of justice may also be passed in favour of Plaintiffs and against the present Defendants.”*

2. The suit came up first before this Court on 11th January, 2016 and thereafter on 13th January, 2016, when summons thereof and notice of the application for interim relief were ordered to be issued. Vide ad-interim order dated 4th May, 2016, the defendants were restrained from taking any coercive steps against the plaintiffs or their dealers with respect to the

packaging subject matter of the suit. It was however provided that the said order would have no bearing on the actions already initiated by the defendants. The said order has continued till now.

3. The defendants Mobis India Limited and Hyundai Motor India Limited, besides filing their joint written statement, have filed IA No.1718/2016 under Order VII Rule 11 of the Code of Civil Procedure, 1908 (CPC). The said application and IA No.387/2016 of the plaintiffs for interim relief are for consideration today.

4. The counsel of the defendants and the counsel for the plaintiffs have been heard on the application under Order VII Rule 11 of the CPC.

5. The contention of the counsel for the defendants is, (i) that the relief claimed in the suit, of restraining the defendants from meting out any threats of infringement by the plaintiffs of the trade mark of the defendants is purportedly under Section 142 of the Trade Marks Act, 1999; (ii) that however, the defendants have not meted out any threats to the plaintiffs, by means of circulars, advertisements or otherwise, within the meaning of Section 142(1) of the Act and the threats, for restraining which the suit has been filed, as per the cause of action para 62 of the plaint and as per paras 40-47 & 57 of the plaint, are of lodging of complaints by the defendants with the police, of offences committed by the plaintiff and their dealers and agents under Sections 102 & 103 of the Trade Marks Act; (iii) that Section 142(1) of the Trade Marks Act is confined to threats by means of circulars, advertisements or otherwise and the word 'otherwise' has to be read ejusdem generis with the circulars and advertisements and cannot be read as threats by way of legal proceedings; (iv) that Section 142(2) itself provides that the moment any action is commenced by the registered proprietor of the trade

mark, the suit under Section 142(1) fails; (v) that the threats on the basis of which the suit has been filed, are 'legal action' within the meaning of Section 142(2) and the suit thus does not disclose any cause of action and as per averments in the plaint, is barred by law and the plaint is liable to be rejected; and, (vi) that the suit for injunction, in effect is to restrain the defendants from filing complaints of offences committed by the plaintiffs and its agents and tantamounts to restraining the defendants from prosecuting or proceeding in a criminal matter and such injunction is barred by Section 41(d) of the Specific Relief Act, 1963 as well. Reliance is placed on *Arjies Aluminium Udyog Vs. Sudhir Batra* 1997 PTC (17) (DB), *Dolphin Laboratories Pvt. Ltd. Vs. Kaptab Pharmaceuticals* AIR 1981 Calcutta 76, *Sidharth Wheels Pvt. Ltd. Vs. Bedrock Limited* AIR 1988 Delhi 228 and *Metro Tyres Ltd. Vs. Advertising Standards Council of India* 240 (2017) DLT 119. Though the counsel for the defendants has also sought to refer to judgments on Section 41(d) of the Specific Relief Act, but need to go into the same is not felt.

6. Mention, in addition to the judgments cited by counsel for defendants, may also be made of *Rajni Industries Vs. Bhartiya Dhoop Karyalaya* (2001) 92 DLT 556 and *Value Invest Wealth Management (India) Pvt. Ltd. Vs. B.G. Kishor Kumar* 2011 SCC OnLine Mad 1855. Mention may however also be made of contrary view in *Dhiraj Dharamdas Dewani Vs. Sonal Info Systems Pvt. Ltd.* 2012 SCC OnLine Bom 351, observing that when FIR is lodged, there is a threat in the eye of law, within the meaning of Section 60 of the Copyright Act, 1957.

7. The counsel for the plaintiffs has however not even sought to justify that the plaintiffs are seeking to restrain the defendants from prosecuting the

criminal complaints. He has however informed, (a) that the defendants have been lodging complaints against the dealers of the plaintiffs and on the basis of which, three First Information Reports (FIRs) at different places in India have been registered against the dealers of the plaintiffs; (b) that one of the said FIRs, pursuant to investigation, had already been closed; and, (c) that investigation in two other FIRs is underway but till date no charge sheet has been filed and no proceedings in pursuance to FIRs have been initiated in a Court of law. On enquiry, it is stated that the plaintiffs have not been made party to any of the FIRs and the defendants are choosing to strangle the market of the plaintiffs by taking action only against the dealers of the plaintiffs.

8. The counsel for the defendants states that the plaintiffs, in the plaint itself have admitted that the FIRs are against the Directors and employees of the plaintiffs also.

9. With the aforesaid clarification, the counsel for the plaintiffs has argued, that the plaint is not liable to be rejected because the plaintiffs in prayer paragraph (i) reproduced above, have also sought a declaration, firstly that the actions of the plaintiffs do not amount to infringement of any trade mark or copyright of the defendants and secondly, that the use by the plaintiffs of the trade mark of the defendants is protected as “Fair Use” within the provisions of the Trademarks Act, 1999. Attention is drawn to para 28 of the plaint, where the plaintiffs have pleaded and have demonstrated that the plaintiffs, as manufacturers of spare parts for automobiles, on the packaging of the said spare parts, use the trade mark of the defendants only to indicate that the said spare part is “Suitable for” the automobile under the subject trade marks, of the defendants, by writing the

brand / trade name / mark of the defendants and of the concerned vehicle. It is argued, that such use by the plaintiffs of the brand name/trade mark of the defendants, does not amount to infringement. Attention in this regard is drawn to Section 30(2)(d) of the Trade Marks Act which is as under:

“(2) A registered trade mark is not infringed where—

....

(d) the use of a trade mark by a person in relation to goods adapted to form part of, or to be accessory to, other goods or services in relation to which the trade mark has been used without infringement of the right given by registration under this Act or might for the time being be so used, if the goods or services are so adapted, and neither the purpose nor the effect of the use of the trade mark is to indicate, otherwise than in accordance with the fact, a connection in the course of trade between any person and the goods or services, as the case may be.”

10. A perusal of paragraph 28 of the plaint shows, that the packaging of one of the oil filters of the plaintiffs contains the words “Suitable for: Hyundai Sonata” immediately below the description of the product and the words “SUITABLE FOR HYUNDAI ACCENT” prominently printed immediately below the trade mark “ELOFIC” of the plaintiffs on packaging of another oil filter of the plaintiffs.

11. The counsel for the plaintiffs states that the plaintiffs have since made changes in their packaging and are now not using the trade mark or the brand name of the defendants prominently or on the face of the packaging but only at the place earmarked for giving the name of the manufacturer, the description of the products and the price of the product, by writing in small font the words “Suitable for” with the brand/trade mark of the defendants.

The counsel for the plaintiffs has handed over in the Court six samples of its packaging and states that the plaintiffs undertake to this Court that they will hereinafter not use the trade mark or brand of the defendants except as indicated in the packaging handed over today and on which, for the sake of identification, Ex. C-1 to C-6 is put in today's date and which are taken on record.

12. It thus emerges that the suit is not to restrain the defendants from pursuing the FIRs, and which claim in the plaint the counsel for the plaintiffs has not even attempted to justify. The real dispute between the parties is, whether the plaintiffs, on the spare parts manufactured by them for automobiles under the trade mark of the defendants, can, for the purpose of informing the consumers that the said spare part is suitable for use in the automobile under the defendants trade mark, use the trade mark / brand of the defendants.

13. It is not the case of the defendants, that the plaintiffs are not entitled to manufacture and / or sell spare parts suitable for use in automobiles under the trade mark / brand of the defendants.

14. The counsel for the defendants, in rejoinder has contended that the plaintiffs, by so using the trade mark/brand name of the defendants, even as shown in Ex.C-1 to C-6, are conveying to the public at large, that the spare parts of automobiles being manufactured and marketed by the plaintiffs are the genuine spare parts of the automobiles manufactured and marketed by the defendants and/or as if the defendants have authorised the plaintiffs to manufacture and market the said spare parts. It is stated that the parties, at one stage were referred to mediation and the defendants had proposed that the plaintiffs, in addition to writing the words "Suitable for" along with the

trade mark / brand name of the vehicle of the defendants, also writes that the plaintiffs are not the original equipment manufacturer of the defendants, but the same was not accepted by the plaintiffs, obviously because the plaintiffs are able to sell their products by creating an impression that the plaintiffs are the Original Equipment's Manufacturer (OEM) of the defendants.

15. The counsel for the plaintiffs states, that this is a trade practice and others also are doing the same.

16. The counsel for the defendants controverts and states that only the (OEMs) of the automobile manufacturer so use the trade mark / trade name / brand of the automobile manufacturer.

17. I may even otherwise state that a trade practice, even if any, if illegal, does not give any protection.

18. I have enquired from the counsel for the plaintiffs, why the plaintiffs, if interested in writing on their packaging that the products of the plaintiffs are suitable for use in the vehicles of the defendants, by naming the vehicles of the defendant, do not indicate that the plaintiffs have no trade connection with the defendants.

19. The counsel for the plaintiffs states that "that will affect the goodwill and market of the plaintiffs".

20. The said argument of the counsel for the plaintiffs affirms what the counsel for the defendants has argued, that the market of the plaintiffs depends upon the plaintiffs conveying an impression, of a 'connection' with the defendants.

21. The counsel for the plaintiff draws attention to ***Toyota Jidosha Kabushiki Kaisha Vs. Deepak Mangal*** 2016 (67) PTC 374 (Delhi). On enquiry, whether not the same was appealed against to the Supreme Court

and decided in *Toyota Jidosha Kabushiki Kaisha Vs. Prius Auto Industries Ltd.* (2018) 2 SCC 1, the counsel for the plaintiffs states that the appeal to the Supreme Court was only against one part of the judgment and the part to which he is drawing attention to was not subject matter of the proceedings before the Supreme Court. Attention is drawn to para 17 of the judgment and which in turn refers to an earlier order dated 10th August, 2010 in an appeal being FAO(OS) No.248/2010 arising from that suit and disposing of the appeal, devising an interim arrangement between the parties. It is stated that as per the said interim arrangement, the defendants therein were directed to replace the term “Genuine Accessories” with “Genuine Accessories of PRIUS Auto Industries Limited”. It is stated that the plaintiffs also are willing to similarly indicate on their packaging, that the subject product is “Genuine Accessory of ELOFIC INDUSTRIES LIMITED”. It is however stated that the plaintiffs will continue to use the words “SUITABLE FOR HYUNDAI ACCENT”.

22. Not only was the order dated 10th August, 2010 an interim arrangement between the parties thereto and does not constitute a precedent but I am otherwise also of the opinion that even if the plaintiffs were to use the words as suggested, the very use of the words ‘Genuine Accessories’ would ascribe more authenticity to the product of the plaintiffs and strengthen the impression of the same being the genuine product used in the automobile manufactured by the defendants.

23. The counsel for the plaintiffs then states that the words “a connection in the course of trade” used in Section 30(2)(d) have no definite interpretation.

24. The sole question to be adjudicated in this suit thus is, whether the use by the plaintiffs of the trade name / trade mark of the defendants, as on Ex. C-1 to C-6, is permitted within the meaning of Section 30(2)(d) of the Trade Marks Act.

25. The counsel for the defendants, on enquiry states that the defendants, till date have not instituted any proceeding in Civil Court for adjudication of the aforesaid question.

26. Both counsels agree that the said question can be adjudicated in this suit and also agree that for decision of the said question, no evidence is required to be led and the question can be decided on the basis of arguments being heard today.

27. As the aforesaid narration would indicate, the use of the trade mark of the defendants by the plaintiffs as on Ex. C-1 to C-6 does have a potential of indicating a connection in the course of trade between the plaintiffs and the defendants and which trade connection admittedly does not exist. Otherwise, it is not in dispute that the plaintiffs, as manufacturer of spare parts for automobiles, are entitled to indicate the suitability thereof for use in the automobiles manufactured by the defendants, within the meaning of Section 30(2)(d) supra.

28. I have reiterated, that the plaintiffs, if desirous of using the trade mark of the defendants in the manner aforesaid, use the same in conjunction with the words, as used in Section 30(2)(d), i.e. by immediately below the trade mark of the defendants, in the same font and size, mention, "WE HAVE NO TRADE CONNECTION WITH HYUNDAI".

29. While the said proposal is acceptable to the counsel for the defendants, the counsel for the plaintiffs again urges that the same will affect the

goodwill and market of the plaintiffs and the plaintiffs' product, "being a negative statement". However, on being asked to suggest a positive manner in which the plaintiffs want to break the trade connection, the only suggestion is as in the case of *Toyota Jidosha Kabushiki Kaisha* supra.

30. In my opinion, the same does not break the trade connection.

31. Notice may be taken of a judgment of the Division Bench of this Court in *Hawkins Cookers Ltd. Vs. Murugan Enterprises* (2012) 189 DLT 545. The Division Bench was concerned with an appeal against an order of the Single Judge reported in *Hawkins Cookers Ltd. Vs. Murugan Enterprises* (2008) 36 PTC 290 Del, disposing of the suit filed by the proprietor of the trade mark "HAWKINS" in respect of pressure cookers and parts thereof including gaskets, against the manufacturer selling gaskets under the trade mark "MAYUR" but on the packaging material also printing "Suitable for: Hawkins Pressure Cooker", by holding that such use by the defendant of the trade mark of the plaintiff was permitted under Section 30(2)(d) of the Act. The Division Bench set aside the said dicta of the Single Judge reasoning, that the gaskets of the defendant in that case were adaptable, not only to the pressure cooker under the trade marks "HAWKINS", but also to other pressure cookers and use by the defendants of the words "Suitable for: Hawkins Pressure Cooker" was thus to derive advantage.

32. The plaintiffs, in the plaint in the present case, in paras 26 to 28, have pleaded that the spare parts manufactured by them are for vehicles of a specific brand and make.

33. I have wondered, whether on the basis of the said plea, the plaintiffs are to be held to be entitled to use the trade mark of the defendant as they

have been doing. The Division Bench in *Hawkins Cookers Ltd.* supra was not directly concerned with such facts.

34. Though the defendants in their written statements have controverted paras 26 to 28 of the plaint, but I am of the view that even if what the plaintiffs have pleaded therein is to be true, still the plaintiffs, without appending the endorsement as proposed by me, are not entitled to so use the trade mark of the defendant. My reasons for holding so are as under:

- A. Trade mark, as distinct from copyright, is not only a statutory right but also a common law right.
- B. Section 28 of the Trade Marks Act confers on the registered proprietor of the mark, the exclusive right to the use of the mark and to obtain relief in respect of infringement thereof.
- C. Section 29 of the Trade Marks Act constitutes as infringement, use of a trade mark, as a trade mark, in relation to goods in respect of which the trade mark is registered, by a person who is not a registered proprietor thereof.
- D. Section 2(zb) of the Act defines a trade mark as a mark which is capable of distinguishing the goods of one person from those of other.
- E. Use by the plaintiffs of the trade mark of the defendants, according to the plaintiffs also, is to communicate to the consumers of the said goods, that the goods are intended for the automobiles of the defendants. The use by the plaintiffs of the trade mark of the defendants, is thus to distinguish the said goods from other such goods and qualifies as use as a trade mark.
- F. Mere fact, that the packaging of the plaintiffs, besides displaying the trade mark of the defendants, also displays the trade mark of the

plaintiffs, is of no avail. The same does not cease to distinguish the said goods as associated with the defendants. Such use by the plaintiffs, of the trade mark of the defendants, is “likely to be taken” as use as a trade mark, within the meaning of Section 29(1) of the Act and constitutes infringement by the plaintiffs of the trade mark of the defendants.

- G. Section 29(1) does not require the test of confusion to be applied.
- H. Section 30 is not couched as an exception to Section 29 and only places limitations on “effect of registered trade mark”.
- I. Section 30(2)(d) which is invoked, provides that a registered trade mark is not infringed, where use of a trade mark is in relation to goods adapted to form part of or accessory to other goods in relation to which the trade mark has been used, without infringement of the right given by registration, if the use of the trade mark is reasonably necessary to indicate that the goods are so adapted and the purpose or effect of the use of trade mark is not to indicate, otherwise than in accordance with the fact, a connection in the course of trade between any person and the goods.
- J. Significantly, Section 30(2)(d) does not use the words “.....other goods in relation to which the trade mark has been registered” but uses the words “.....other goods in relation to which the trade mark has been used”, before the words “.....without infringement of the right given by registration”. I have wondered the reason. One of the reasons I can think of is that, if the registered trade mark has not been used, then the question of using the registered trade mark in relation to goods adapted to form part of or accessory to the goods with respect to

which the trade mark has been registered will not arise and axiomatically Section 30(2)(d) would not apply. However we, in this case, are not concerned with such a situation.

- K. Section 30(2)(d), while laying down limits on effect of registered trade mark, mandates, a) the use in terms thereof to be “....without infringement of the right given by registration under this Act.....”; b) such use to be reasonably necessary to indicate that the goods are so adapted; c) that the effect of such use of the trade mark is not to indicate, otherwise than in accordance with the fact, a connection in the course of trade between the registered proprietor of the trade mark and the goods on which the trade mark thereunder is permitted to be used.
- L. Section 28, as aforesaid, confers on the registered proprietor, right to exclusive use of the trade mark and right to sue for infringement as defined in Section 29. Section 29(1) prescribes that a trade mark is infringed by use of registered trade mark by another, provided such use is as a trade mark. Once a defence under Section 30(2)(d) is invoked, it is implicit that use is as a trade mark, inasmuch as if use is not as a trade mark, it does not amount to infringement and the question of invoking Section 30(2)(d) does not arise. It is thus not open to take the pleas of use being not as a trade mark as well as of Section 30(2)(d). However, such dilution / limit placed on effect of registration is subject to conditions.
- M. The first condition as aforesaid is that it should be without infringement. However, once Section 30(2)(d) is invoked, as aforesaid, infringement within the meaning of Section 29 is implicit.

The only way to harmoniously interpret Sections 28 and 29 on the one hand and Section 30(2)(d) on the other hand, is to strictly construe the other two conditions provided in Section 30(2)(d).

- N. Once we look at the statutory provisions so, the only inference is that if there is even an iota of doubt that use of the trade mark for indicating that the goods are adapted to form part of or to be accessory to goods with respect to which trade mark is registered and is being used will have the effect of indicting a trade connection between the registered proprietor of the trade mark and the person so using the trade mark, either the said use be stopped and held to be not within the scope of Section 30(2)(d) or to remove such doubt.
- O. The practise of trade prevalent is of automobile manufacturers either also manufacturing and marketing spare parts thereof themselves or of automobile manufacturers not themselves manufacturing each and every part of automobile and appointing OEMs for such parts and which OEMs are also authorized to sell such parts as spare parts and which spare parts are treated by the consumers as originals, having trade connection with automobile maker i.e. having the same quality as of the part fitted in the automobile.
- P. Use of the trade mark of the defendants, as wanted by the plaintiffs, is likely to indicate a similar trade connection between plaintiffs and defendants as between defendants and their OEMs.
- Q. The defendants, besides using their trade mark for marketing of automobiles, also use the trade mark for marketing of spare parts of such automobiles. The plaintiffs compete with the defendants in the sphere of marketing of such spare parts. From the responses of the

counsel for the plaintiffs as recorded hereinabove, it is evident that the use by the plaintiffs of the defendants trade mark and the reluctance of the plaintiffs to use the trade mark along with the endorsement suggested, are evidence of use by the plaintiffs of the defendants trade mark conveying a connection in the course of trade between the plaintiffs and the defendants. Section 30(2)(d) permits such use of the trade mark only if does not have the effect of indicating such a connection.

- R. Even otherwise, use by the plaintiffs on the packaging of their spare parts of the words “SUITABLE FOR HYUNDAI ACCENT” or use by the plaintiffs of the words “Genuine Accessories of ELOFIC INDUSTRIES LIMITED” along with the use of the trade mark of the defendants is found to be capable of indicating to the consumers that the spare parts being bought by them have a connect with the defendants, when admittedly there is none.
 - S. What better way to break such trade connection and doubt than by using language, as used in the statute.
 - T. Moreover, Section 30(2)(d) only places limitations on effect of registration and has no applicability to the inherent common law rights of the defendants to their trade mark and, while interpreting Section 30(2)(d), such rights of the defendants cannot be trifled with.
35. Rather, it appears, that instead of using the words “Suitable for”, the words of the statute i.e. “Adapted to form part of” be used.
36. I thus deem it appropriate to dispose of the present suit with the following order:

(I) The plaintiffs, on their products shall use the trade mark/brand name of the defendants only in the manner as in Ex.C-1 to C-6 i.e. at the same place on the packaging where the names of the manufacturers, particulars of products etc. are stated and in the same font as in Ex.C-1 to C-6 and not in any bigger font and substituting the words “Suitable for” with the words “Adapted to form part of”.

(II) However, the plaintiffs, immediately below the words “Adapted to form part of” preceding the trade mark/trade name and/or brand of the defendants shall endorse in the same font “WE HAVE NO TRADE CONNECTION WITH HYUNDAI”;

(III) Upon the plaintiffs so using the trade mark of the defendants, the defendants shall not mete out any threats of infringement of their trade mark and not communicate so to the public at large or to the agents or dealers of the plaintiffs.

No costs.

Decree sheet be drawn up.

RAJIV SAHAI ENDLAW, J.

OCTOBER 25, 2018

‘bs’