

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

+ **RFA No. 602/2005**

% **9th July, 2018.**

BAYERISCHE MOTOREN WERKS AG Appellant

Through: Mr. Amique Khalid, Mr.
Farrukh Khan and Mr.
Varchaswa Singh, Advocates.

versus

MADAN WALIA & ANR. Respondents

Through: Mr. Sushant Singh, Advocate

CORAM:
HON'BLE MR. JUSTICE VALMIKI J. MEHTA

To be referred to the Reporter or not?

VALMIKI J. MEHTA, J (ORAL)

1. This Regular First Appeal under Section 96 of the Code of Civil Procedure, 1908 (CPC) is filed by the plaintiff in the suit impugning the Judgment of the Trial Court dated 19.4.2005 by which the trial court has dismissed the suit filed by the appellant/plaintiff for infringement, passing off, rendition of accounts etc with respect to the trademark BMW of the appellant/plaintiff.

2. In the suit, the trial court framed the following issues:-

- 1) Whether the plaintiff is the prior adopter, owner and proprietor of the trade mark BMW in relation to automobiles and parts thereof ?
- 2) Whether the use of the trade mark BMW by the defendant amounts to misappropriation of plaintiff's goodwill in the trade mark BMW amounting to passing off?
- 3) Whether the use of trade mark BMW by the defendant is likely to cause confusion or deception about a trade connection or association between the plaintiff and defendant?
- 4) Whether the suit is liable to be rejected, for not disclosing any cause of action?
- 5) Whether the defendant's adoption of trade mark BMW is identical or deceptively similar to that of the plaintiff?
- 6) Whether the suit suffers from undue delay, laches and acquiescence?
- 7) Whether the plaintiff is entitled to rendition of accounts as claimed in the plaint?
- 8) Relief.

3. So far as issue no.1 is concerned, the same has been held in favour of the appellant/plaintiff that the appellant/plaintiff was the prior adopter/owner and proprietor of the trademark BMW. It has been held that this ownership is on account of user by the appellant/plaintiff of the concerned trademark BMW with respect to automobiles and parts thereof. So far as issue no. 2 is concerned, trial court has held that there is no scope of confusion because the two businesses are separate i.e cars and motor cycles and parts of such vehicles of the appellant/plaintiff and the business of the respondent/defendant being separate of grills made of steel, brass and

copper. On the aspect of confusion issue no.3 has been held in favour of the respondent/defendant that there would not arise any confusion. On issue no.5, it has been held by the trial court that the trademark BMW of the respondent/defendant is deceptively similar to that of the appellant/plaintiff's trademark, but is with respect to unconnected business. Trial court because of finding on issue no.4 held that the respondent no.1/defendant no.1 had succeeded in the registration before the trademark authorities, consequently, the suit was dismissed.

4. Learned counsel for the appellant/plaintiff has drawn the attention of this Court to the subsequent event for being noticed under Order VII Rule 7 CPC that the Intellectual Property Appellate Board (hereinafter referred to as "IPAB") vide its judgment dated 22.8.2007 allowed the appeal filed by the present appellant, and who was also the appellant before the IPAB, and it was ordered that the respondent no.1/defendant no.1 was not entitled to registration of the trademark because the user of the respondent no.1/defendant no.1 had not become distinctive on the date of application made for registration of the trademark. IPAB also held that there would arise clearly confusion in the trademark on account of use of the trademark BMW

by the respondent no.1/defendant no.1. The IPAB has held that the respondents/defendants are not entitled to registration and ownership of the trademark BMW. The relevant paras of the judgment of the IPAB are paras 10 to 12 and these paras read as under:-

“10. The pre requisite of registration of a trade mark is that the mark applied for registration should be distinctive. The expression distinctive as defined in sub-section (3) of section 9 of the Act means a mark which is capable of distinguishing the goods of one person from those of the others. In the instant case, the trade mark BMW is a three lettered mark which is *prima facie* not distinctive especially in view of the fact that the mark BMW is already registered in many countries including in India decades earlier and if the mark applied for is granted registration it will cause confusion or deception and registration of such mark is prohibited under section 11(a) of the Act. In the registration of trade mark length of user is a material factor to acquire distinctiveness in a trade mark but in the instant case the user claimed is about three years prior to making application for registration by the respondent No.1. Out of three years, there is no invoice for the year 1985 and only 2 invoices (totalling to less than ten thousand rupees) for 1986 are on the record. Keeping in view of the evidence on record and the period of use prior to making application for registration, we are unable to satisfy ourselves that the mark applied for has acquired distinctiveness or capable of distinguishing the goods of the respondent No.1 at the time of making application for registration. The mark applied for is not inherently distinctive that is perhaps the reason for allowing it to be registered in Part-B of the register. For registration in Part-B of the register, *bonafide* use of the mark and its capacity to distinguish are the conditions and these conditions are there and the mark did not offend against sections 11 and 12 of the Act, then only registration is granted. The conclusion of the respondent No.2 that the mark is inherently distinctive is self contradictory as he has ordered to register the mark in Part-B of the register. The sound or pronunciation of the letters BMW will not change by representing them in a very special and particular manner, as has been done by the respondent No.1 in the present case; it will be uttered or pronounced as BMW and while pronouncing or uttering both will give same sound even if one of the mark is depicted in a geometrical device. If the word BMW is not registrable because of already registered similar trade mark of the appellant, the respondent's mark represented in a special and particular manner, i.e B and W and M mounted on W in a geometrical device will not change its character. The ratio of proposition of law laid down in a number of cases including the

case of **Electrix Ltd.'s Appl. (1958) R.P.C. 176** that, "if a given word is for any reason unregistrable in its proper spelling then inasmuch as trade marks appeal to the ear as well as to the eyes, the objection (whatever it may be) to the registration of the properly spelt word applies equally to a word which is merely its phonetic equivalent" apply here. The conclusion arrived at by the respondent No.2 that the mark applied for is by its impression inherently distinctive and is qualified for registration under section 9 of the act, in our view, is erroneous.

11. Section 11 of the Act provide for prohibition of registration of certain marks. Clauses (a) and (e) of that section respectively provide that a mark shall not be registered as a trade mark, the use of which would be likely to deceive or cause confusion; or which would otherwise be disentitled to protection in a court. Similarly, section 12 of the Act, except as provided in sub-section (3) of that section, no trade mark shall be registered in respect of any goods or description of goods which are identical with or deceptively similar to a trade mark which is already registered in the name of some other proprietor in respect of same goods or description of goods. in the instant appeal, the marks involved are BMW, though the respondent No.'s mark BMW is represented in a geometrical shape giving visually different impression, but both have striking phonetic similarity. There is a lot of force in the submission of the learned counsel for the appellant that the prominent feature of competing trade mark consist of the alphabets B, M and W which is phonetically similar with the mark of the appellant and that the purchasing public of goods of the respondent No.1 would order by the word BMW and not by the visual appearance of the respondent's impugned mark. There is no doubt that BMW as applied to a car has a unique place in the world and it enjoys transborder reputation and goodwill but the respondent No.2 has totally overlooked this aspect while passing his order. The mark BMW has such reputation that a large number of persons, if they hear about that mark in connection with grills, would be led to think that the grills were in some way connected with the appellant, or they would at least wonder whether they were in any way connected with the appellants or they may be coming from the appellant as a result of business expansion / diversification by the appellant. The case law referred to by the respondent No.2 for holding the marks not deceptively similar or cause no confusion are distinguishable and the marks involved therein are not world wide reputed. The respondent No.2 has erred in not taking into consideration of phonetic similarity of the competing marks by restricting his area of examination in relation to difference in goods only. By applying the principle laid down in the *K.R. Chinna Krishna Chettiar (supra)* the law is that a trade mark comprehends not merely the picture, design or symbol but also its descriptive name and a copy of colourable imitation of the name would constitute infringement of the mark

containing the name and no boy can abstract the name or use a phonetical equivalent of it and escape the charge of piracy of the mark pleading that the visual aspect of his mark is different from the mark of the person opposing its registration. It can be safely said that if the mark applied for is used in a normal and fair manner the mark would come to be known by its distinguishing feature 'BMW' and there is striking similarity of sound between the two competing marks. The respondent No.2 came to conclusion that the respondent No.1 is entitled for registration as the respondent No.1 has used part of its trading style as its trade mark represented in a special and particular manner, which is a special circumstance. It is noticed that the respondent No.1 has never explained as to what drove him to adopt the trading style and trade mark BMW despite the appellant in para 14 of its opposition No-DEL-9507 contending that the adoption of trade mark BMW by the respondent No.1 is dishonest and intended only to facilitate passing off of its goods as that of appellant's goods, the respondent has in his counter statement merely stated that the contents of para 14 are wrong and denied. The contention dishonest adoption made by the appellant gains strength when his registered trade mark is on the register in India since March, 1956, the respondent No.1 does not offer any explanation thereto and there is no denial that the respondent No.1 was unaware of existence of the trade mark of the appellant. There is no evidence that the respondent No.1 has made any research to ascertain as to whether any similar registration is already made or applications for registration of similar mark pending registration with the Registry of Trade Marks. If the respondent No.1 intended to adopt the mark honestly, he would have ascertained from the Registry of Trade Marks regarding existence of similar mark on the register of applications pending registration with the Registry. The respondent No.1 has failed to prove the bonafide and honest adoption of the mark and when the adoption of mark is not bonafide and honest, the representation thereof in a special and particular manner cannot be a special circumstance for granting registration under Section 12(3) of the Act. Moreover, when the respondent applied for registration of mark in 1988, the appellant opposed the registration on the ground of its deceptive similarity with the appellant's world over reputed mark. In a similar case, when the reputed trade mark BENZ for motor car was used by another company for undergarments(supra), the Court observed, "In my view, the Trade Mark law is not intended to protect a person who deliberately sets out to make the benefit of somebody else's reputation with reference to goods, especially so when the reputation extends world wide. By no stretch of imagination can it be said that use for any length of time of the name 'Benz' should be not objected to". It was also observed in that case that none should be continued to be allowed to use a world famed name to goods which have no connection with the type of goods which have generated the world wide reputation. In relation to product reputation the

Court observed that 'Benz' is a name given to a very high priced and extremely well engineered product and in view of the Court, the defendant cannot dilute that by user of name 'Benz' with respect to a product like underwears. By applying the principles here before discussed, the conclusion arrived at by the respondent No.2 that mark applied for is not prohibited under section 11(a) of the Act does not sustain and on the face of the facts and circumstances mentioned above, no question of concurrent use arises and hence, the respondent No.2 has not judicially exercised the discretionary powers conferred upon him by section 12(3) of the Act. We have earlier discussed that the adoption of trade mark and trading style by the respondent No.1 is not bonafide and honest. In the absence of any explanation coming from the respondent No.1 in relation to adoption of the mark, the adoption of mark cannot be said to be honest especially when such averment made to this effect by the appellant in the notice of opposition has not been convincingly rebutted by the respondent No.1. Therefore, the claim of proprietorship of mark by the respondent No.1 is not sustainable.

12. In view of the above, the appeal is allowed and consequently the application No.486649B for registration of trade mark in class-6 is dismissed and opposition No.DEL-9507 is allowed. There shall be no order as to costs."

5. It is noted that during the pendency of the suit the respondent no.1/defendant no.1 had transferred his rights in his business in terms of an Agreement dated 9.3.1999 to one Mr. Anshul Aggarwal. Accordingly, Mr. Anshul Aggarwal was impleaded as respondent no.2 in this appeal. Mr. Anshul Aggarwal was served and appeared through his counsel as noted in the order sheets dated 8.12.2010, 28.2.2011, 24.5.2011 and 21.9.2011. Thereafter counsel for the respondent no.2 stopped appearing.

6. The law with respect to *res judicata* is that Section 11 CPC is not exhaustive of the doctrine of *res judicata*. The doctrine of

res judicata is based on general principles which are larger than as contained in Section 11 CPC. Explanation 1 to Section 11 CPC provides that if the disputes between the parties are pending in two cases, but the later case is decided prior to the earlier filed case, then decision in the later case will operate as *res judicata*. That the principles of *res judicata* are of general application, even *dehors* Section 11 CPC, is held by the Supreme Court in the case of ***Gulam Abbas and Others. vs. State of Uttar Pradesh and Others. (1982)1 SCC 71***. The relevant para of this judgment is para 14 and this para reads as under:

“14. Counsel for respondents 5 and 6 next contended that the decision in this litigation (Suit No. 242 of 1934) would not operate *res judicata* against them or the Sunni community of Mohalla Doshipura inasmuch as Munsif's Court at Banaras did not have either pecuniary or subjectwise jurisdiction to grant the reliefs claimed in the instant writ petition; in other words that Court was not competent to decide the present subject-matter and such the bar of *res judicata* under Section 11 of the civil Procedure Code 1908 was not attracted, and it would be open to the respondents 5 and 6 and the members of the Sunni community to agitate question of title either to the plots or to the structures thereon or even the Shias' entitlement to their customary rights over them. In support of this contention counsel relied on two decisions namely, *Rajah Run Bahadoor Singh v. Lachoo Koer and Mst. Gulab Bai v. Manphool Bai*. It is not possible to accept this contention for the reasons which we shall presently indicate. It is well settled that Section 11 of the CPC is not exhaustive of the general doctrine of *res judicata* and though the rule of *res judicata* as enacted in Section 11 has some technical aspects the general doctrine is founded on considerations of high public policy to achieve two objectives, namely, that there must be a finality to

litigation and that individuals should not be harassed twice over with the same kind of litigation. In *Daryao v. The State of U. P* this Court at SCR at p. 582 has observed thus:

"Now, the rule of res judicata as indicated in Section 11 of the CPC has no doubt some technical aspects, for instance, the rule of constructive res judicata may be said to be technical; but the basis on which the said rule rests is founded on considerations of public policy. *It is in the interest of the public at large that finality should attach to the binding decisions pronounced by Courts of competent Jurisdiction, and it is also in the public interest that individuals should not be vexed twice over with the same kind of litigation.*"

Reference in this connection was made by the Court to the famous decision in the leading *Duchess of Kingston* case, *Halsbury's Laws of England* and *Corpus Juris*. In *Gulab Chand Chhotalal Parikh v. State of Bombay* (now Gujrat) the question was whether after the dismissal of a writ petition on merits after full contest by the High Court under Article 226 of the Constitution a subsequent suit raising the same plea claiming discharge from the liability on the same ground was entertainable or not and this Court held that on general principles of res judicata the decision of the High Court on the writ petition operated as res judicata barring the subsequent suit between the same parties with respect to the same matter. On a review of entire case law on the subject, including Privy Council decisions, this Court at page SCR p. 574 observed thus:

"As a result of the above discussion, we are of opinion that the provisions of Section 11 CPC are not exhaustive with respect to an earlier decision operating as res judicata between the same parties on the same matter in controversy in a subsequent regular suit and that on the general principle of res judicata, any previous decision on a matter in controversy, decided after full contest or after affording fair opportunity to the parties to prove their case by a Court competent to decide it, will operate as res judicata in a subsequent regular suit. *It is not necessary that the Court deciding the matter formerly be competent to decide the subsequent suit or that the former proceeding and the subsequent suit have the same subject matter. The nature of the former proceeding is immaterial.*

We do not see any good reason to preclude such decisions on matters in controversy in writ proceeding under Article 226 or 32 of the

Constitution from operating as res judicata in subsequent regular suits on the same matters in controversy between the same parties and thus to give limited effect to the principle of the finality of decisions after full contest." (emphasis supplied)

The above observations were approved by this Court in a subsequent decision in the case of *Union of India v. Nanak Singh*. It is thus clear that technical aspects of Section 11 of CPC, as for instance, pecuniary or subjectwise competence of the earlier forum to adjudicate the subject-matter or grant reliefs sought in the subsequent litigation would be immaterial when the general doctrine of res judicata is to be invoked. The two decisions relied upon by counsel for the respondents 5 and 6 were directly under Section 11 of CPC. Even under Section 11 the position has been clarified by inserting a new Explanation VIII in 1976. It was not disputed that the Munsiff's Court at Banaras was competent to decide the issues that arose for determination before it in earlier litigation and, therefore, the decision of such competent Court on the concerned issues must operate as a bar to any subsequent agitation of the same issues between the same parties on general principles of res judicata. The contention raised by counsel for respondents 5 and 6 in this behalf, therefore, has to be rejected. It was then faintly urged by counsel for respondents 5 and 6 that the dismissal of plaintiffs' suit (No. 232 of 1934) would not confer any rights on the Shia community who were party defendants to the suit. The contention is merely required to be stated to be rejected. Not only were the Sunnis' customary rights (specified in para 4 of the plaint) over the plots and structures in question put in issue during the trial but the customary rights to perform their religious ceremonies and functions on the plots and structures thereon claimed by the Shias were also directly and substantially put in issue inasmuch as the plaintiffs (Sunni Muslim) had sought an injunction restraining the Shias from exercising their customary rights. therefore, the decision in this litigation which bore a representative character not merely negated the Sunnis' customary rights claimed by them over the plots and structures but adjudicated, determined and declared the Shias' entitlement to their customary rights to perform their religious ceremonies and functions on the plots and structures thereon in question and this decision is binding on both the communities of Mohalla Doshipura. There is no question of there being any gap or inadequacy of the material on record in the matter of

proof of Shias' entitlement to customary rights over the plots and structures in question, whatever be the position as regards their title to the plots or structures. We have already indicated that this decision even upholds their title to two main structures, Zanna Imambara and Mardana Imambara (Barardari). In our view, therefore, this is a clear case of an existing or established entitlement to the customary rights in favour of the Shias' community to perform their religious ceremonies and functions over the plots and structures in question under the decree of competent civil Court for the enforcement of which the instant Writ Petition has been filed."

7. Therefore, since in the present case the issues between the parties already stand decided by the judgment of IPAB dated 22.8.2007, and which judgment has become final as it has not been challenged by either of the respondents, therefore on applying the general principles of *res judicata* with the factual aspects that the issues in the suit have been decided against the respondents by the judgment of the IPAB, and further applying the spirit of the provision of Explanation I to Section 11 CPC, therefore, this appeal is allowed by adopting and accepting the finality of discussion and reasoning of IPAB that the appellant/plaintiff is the exclusive owner of the trade mark BMW and the respondents/defendant have no right to use the same for their businesses.

8. The impugned judgment of the trial court dated 19.4.2005 is therefore set aside. Suit of the appellant/plaintiff is decreed and the respondents are restrained from in any manner using the trademark BMW with respect to the business being carried on by the respondents/defendant including with respect to iron grills made of steel, brass and copper. Counsel for the appellant/plaintiff gives up other reliefs with respect to damages and costs. In view of the above discussion, this appeal is allowed and disposed of as stated above, leaving the parties to bear their own costs. Decree sheet be prepared.

JULY 09, 2018/ib

VALMIKI J. MEHTA, J

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