

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

% *Judgement delivered on: 21.12.2018*

+ FAO 204/2016 & C.M. APPL. 17173/2016

RETAIL ROYALTY COMPANY Appellant

Through: Mr. Pritesh Kapur, Ms. Sujata Chaudhri
and Mr. Ryan Wilson, Advs.

Versus

NORTHERN HARRIER LIFESTYLES PRIVATE LIMITED AND ORS

..... Respondents

Through: Mr. Satish Pandey and Mr. Rajesh
Kumar Maurya, Advs.

CORAM:

HON'BLE MR. JUSTICE NAJMI WAZIRI

NAJMI WAZIRI, J

This appeal impugns an order dated 22.04.2016 which declined the appellant's an interim injunction against the respondents, from using 'American Fox Outfitters' trademark and logo. The learned counsel for the appellant, upon instructions, does not press the claim apropos the respondent's 'Fox' logo vis-a-vis their own 'Eagle' logo. The appellants are registered trademark owners of 'American Eagle Outfitters' for the last 40 odd years internationally and have applied for registration of their trademark in India. They claim to be amongst the leading multinational fashion and clothing companies and are said to have featured in the list of 'Fortune 500' companies, with a turnover of billions of US dollars.

The respondent has been using the trademark 'American Fox

Outfitters' with a 'Fox' logo with it. The marks of both the parties appear as under:

Appellants' logo



Respondent's logo



The Trial Court considered the arguments and found that there could not be any confusion between the two marks for the following reasons:

4.3 For the following reasons, it is concluded and held that there is no similarity or deceptive similarity of the defendant's mark with the plaintiff's mark or to cause confusion to an average person of imperfect recollection:-

(I) word-American, prefix word-eagle and word-outfitters suffix eagle do not give exclusive right or monopoly to the plaintiff to the exclusion of others to use such common words;

(II) the plaintiff's complete registered word mark is AMERICAN EAGLE OUTFITTERS, the principle of dissect cannot be applied to see protection of individual word;

(III) the plaintiff's complete registered device mark is styled AMERICAN EAGLE (Label), there is no device of 'bird' registered as being used by the plaintiff on its products;

(IV) the plaintiff's trade mark being used

on its product of clothing is composite of word mark coupled with device bird. The plaintiff seeks injunction of its such composite word mark coupled with device bird against defendant's mark AMERICAN FOX OUTFITTERS with device fox;

(V)plaintiff's mark and defendant's mark have different appearances and over all expressions, particular their adore with device 'eagle' and 'fox', make them pictorial with word eagle and fox, which further distinguish them from each other;

(VI)both the marks are distinct visually and structurally vis-a-vis phonetically;

(VII)plaintiff's plea, being demonstrated in para 49 in photographs in respect of labels on shirts, would not help it, since products label are normally fixed in inner side of collar of shirt. Otherwise, the test purchase of defendant's product also shows defendant's mark/device FOX embroidered on pocket, which is not in the product of plaintiff;

(VIII)there does not appear to close resemblance to both the marks, that it may confuse unwary average person of imperfect recollection and;

(IX)it is also apparent that website of both the parties also different, to access one site does not lead to the other's site.

Thus, the plaintiff is not entitled for interim-injunction and application under order XXXIX Rules 1 and 2 CPC is dismissed. However, the conclusions drawn are prima-facie view, therefore, any expression given would not tantamount to be any opinion on the merits of case.

The learned counsel for the appellant submits that i) when comparing the two marks, the general impression gathered therefrom has to be considered and not merely the descriptive portions of the two marks; ii) that the design adaptation of the well known international mark of the appellants was the main issue otherwise there was no need to adopt the exact font style and font size for creating similarity in overall impression of the two marks; iii) that an unsuspecting buyer would assume that the products originating from the respondent had a link with that of the appellants; iv) as a result thereof the respondent's goods could well pass off as those of the appellants' and will lead to dilution of the goodwill of the appellants' trademark, thus causing irreparable injury should an injunction not be granted.

Lastly, it is argued that since the word mark 'American Eagle Outfitters' already enjoyed protection of sections 28 of the Trade Marks Act, therefore, the protection under section 29 of the Act would be available to the appellant.

The learned counsel for the appellant contends that, assuming that the respondent innocently devised his trademark as 'American Fox Outfitters' with serendipitously identical design, font size and font styles, the law however would come in the way of the use of the said ingenious creation. He relies upon the judgment in ***Colgate Palmolive Company vs. Anchor Health*** 108 (2003) DLT 51, which held as under:-

“48. While expounding the doctrine of confusion arising from the deceptive similarities as to the trade dress that may fail the unwary customer to distinguish between the rival goods Mr. Sibal placed strong reliance upon Harold F. Ritchie, Inc. v. Chesebrough-Pond's Inc, 26 USPQ 310 wherein it was held that while entering a field of endeavor already occupied by another the second comer should, in the selection of a trade name or trade

mark, keep far enough away to avoid all possible confusion and the leading case on this concept is Florence Mfg. Co. v. J.C. Dowd & CO., 2 Cir. 178 F.73, 75 which again was an American case. The law laid down in this respect is as under:-

"It is so easy for the honest business man, who wishes to sell his goods upon their merits, to select from the entire material universe, which is before him, symbols, marks and covering which by no possibility can cause confusion between his goods and those of his competitors, that the courts look with suspicion upon one who, in dressing his goods for the market, approaches so near to his successful rival that the public may fail to distinguish between them".

60. In the case of passing off and for that purpose infringement of trade mark which are already in existence, the second or for that purpose the subsequent comer has certain obligation to avoid unfair competition and become unjustly rich by encashing on the goodwill or reputation of the prior comer. They have to establish and bank upon on their own trade dress or distinctive features so as to establish their own merit and reputation and attract the attention of the purchasing public and if there are no substantial dissimilarities of marks, colour combination, get up or lay out on the container or packing or covering of the goods of the prior comer these are likely to create confusion in the minds of customers between his goods and the goods of the prior comer in the market as underlying and hidden intention of the second comer is to encash upon the successful rival".

He submits that where the adoption of the mark is *prima facie* dishonest, an injunction would be a necessary corollary.¹

In the same vein he refers upon the issues to be examined by the

¹ Midas Hygiene Industries (P) Ltd. v. Sudhir Bhatia (2004) 3 SCC 90.

Court at the time of granting of an interim protection seeking protection of intellectual property rights.

He relies upon the judgment in ***Cadbury India Ltd. v. Neeraj Food Products*** (2007) 142 DLT 724, which reads as under:-

“30. I find that the principles which apply to a consideration of as to whether the plaintiff has made a prima facie case of the defendant's dishonestly attempting to trade upon the plaintiff's goodwill and adopted such name or label, have been succinctly and aptly laid down by the court of Appeal in the judgment rendered in Slazenger & Sons v. Feltham & Co. (2) RPC 1889 6 531 where the court held thus:

One must exercise one's common sense, and if you are driven to the conclusion that what is intended to be done is to deceive if possible, I do not think it is stretching the imagination very much to credit the man with occasional success or possible success. Why should we be astute to say that he cannot succeed in doing that which he is straining every nerve to do?

31. Holding that it is the points of similarity which have to be given greater attention to than those of dissimilarity in 22 RPC 273 Munday v. Carey, it was held thus:

...where you see dishonesty, then even though the similarity were less than it is here, you ought, I think, to pay great attention to the items of similarity, and less to the items of dissimilarity”.

42. In yet another case reported at AIR 1972 SCR 1359 Parle Products (P). Ltd. v. J.P. & Co., Mysore the plaintiff was the manufacturer of biscuits and confectionery and owner of certain registered trademarks. One of them was the word "Gluco" used on their half pound biscuit packet. Another registered trademark of theirs was the wrapper with its colour scheme, general set up and entire

collocation of words registered under the Trademarks Act, 1940. They had filed an action for infringement of their registered trademark against the defendant on the allegation that they discovered in March, 1961 that Page 1613 the defendants were manufacturing, selling and offering for sale biscuits in a wrapper which according to them was deceptively similar to their registered trademark. The trial and the appellate court held against the plaintiff. In the appeal before the apex Court, the court placed reliance on its earlier pronouncement in Durgadutt v. Navratra Laboratories (supra) and in Kerly's Law of Trademarks at Trade (9th Edition paragraph 838) and held thus:

Two marks, when placed side by side, may exhibit many and various differences yet the main idea left on the mind by both may be the same. A person acquainted with one mark, and not having the two side by side for comparison, might well be deceived, if the goods were allowed to be impressed with the second mark, into a belief that he was dealing with goods which bore the same mark as that with which he was acquainted. Thus, for example, a mark may represent a game of football; another mark may show players in a different dress, and in very different positions, and yet the idea conveyed by each might be simply a game of football. It would be too much to expect that persons dealing with trademarked goods, and relying, as they frequently do, upon marks, should be able to remember the exact details of the marks upon the goods with which they are in the habit of dealing. Marks are remembered rather by general impressions or by some significant detail than by any photographic recollection of the whole. More-over, variations in detail might well be supposed by customers to have been made by the owners of the trademark they are already acquainted with for reasons of their own.

It is therefore clear that in order to come to the conclusion, whether one mark is deceptively similar to another, the

broad and essential features of the two are to be considered they should not be placed side by side to find out if there are any differences in the design and if so, whether they are of such character as to prevent one design from being mistaken for the other. It would be enough if the impugned mark bears such an overall similarity to the registered mark as would be likely to mislead a person usually dealing with one to accept the other if offered to him. In this case we find that the packets are practically of the same size, the colour scheme of the two wrappers is almost the same; the design on both though not identical bears such a close resemblance that one can easily be mistaken for the other. The essential features of both are that there is a girl with one arm raised and carrying something in the other with a cow or cows near her and hens or chickens in the foreground. In the background there is a farm house with a fence the word "Gluko Biscuits" in one and "Glucose Biscuits" on the other occupy a prominent place at the top with a good deal of similarity between the two writings. Anyone in our opinion who has a look at one of the packets today may easily mistake the other if shown on another day as being the same article which he had seen before. If one was not careful enough to note the peculiar features of the wrapper on the plaintiffs' goods, he might easily mistake the defendants' wrapper for the plaintiffs' if shown to him some time after he had seen the plaintiffs'. After all, an ordinary purchaser is not gifted with the powers of observation of a Sherlock Page 1614 Homes. We have therefore no doubt that the defendants' wrapper is deceptively similar to the plaintiffs' which was registered.

73. By virtue of Section 27 of the Trade Marks Act, 1999, a person has been conferred a statutory right of protection of its registered trademark. At the same time every person has a legal remedy for the protection of its common law rights in a trademark which has acquired distinctiveness by virtue of extensive and prolonged use; promotional activity and has goodwill and reputation attached to it. For this reason Section 17 of the Trademark & Merchandise Marks Act of

1958 statutorily prohibited the impact of the disclaimer when it stipulated that the disclaimer shall not affect the rights of trademark proprietor except those which arose out of the registration.

In my view, the new act i.e. the Trademarks Act, 1999 also does not in any manner impact the common law rights and remedies of the proprietor of a trademark which are not related to or arise out of any statutory registration of the trademark. The spirit, intendment and purpose of the Trademark legislation is to protection of the trader and consumer against dishonest adoption of another's well known trademark with the intention of capitalising on the attached reputation and goodwill or dishonest adoption of a trademark which is deceptively similar to the well known trademark. Certainly any other interpretation of the new Act would run counter to the basic intendment of the law.

The view I have taken is fortified by the expansion given under the Act of 1999. As per Section 27 of the earlier statutory provisions, provided passing off action only in respect of goods. Under the new act, passing off action has been made statutorily available to a person against another person for passing off goods or services as the goods of another person or as services provided by another person. The impact of the disclaimer on a registration certificate is that a person is precluded from bringing an infringement action in respect of the trade mark registration. The statute did not prohibit in any manner the right given to a person to bring a passing off action in respect of a trade mark which though registered, but contains a disclaimer with regard to any portion thereof.”

He also relies upon the judgment in ***T.V. Venugopal v. Ushodaya Enterprises Ltd.*** (2011) 4 SCC 85, which reads as under:-

“57. The respondent company's reply to the appellant's contention that `Eenadu' is not a household name since it only

deals with newspaper is complete fallacy because the group is known as "Eenadu Margadarshi Group" and the meaning of 'Eenadu' in various publications is stated to be the respondent company's group. Furthermore, it also overlooked that in actual fact there are various products which are also being produced and sold by the respondent company under the business name of 'Eenadu'. It is also relevant to mention that the 'Eenadu' TV Channel (also known as ETV) is one of the most popular channels and, therefore, the word 'Eenadu' has come to be completely associated with the respondent company group and in fact is a household name. He has referred to the findings of the Trial Court, the High Court and that of the learned Single Judge and submitted that such findings are not unreasonable so as to require interference under section 136 of the Constitution.

75. Mr. Sundaram also relied on a judgment of this court in the case of Bata India Limited v. Pyare Lal & Company, Meerut City & Ors. AIR 1985 All 242] the Allahabad High Court observed that considering the plea of passing-off or enabling others to pass-off mattresses, sofa cushions and other articles associating them with the name of "Bata" in any manner or form held that:

"The name 'Bata' was well known in the market and the user of such a name is likely to cause not only deception in the mind of an ordinary customer but may also cause injury to the plaintiff Company. The fact that the plaintiff was not producing form was not enough to hold that there could be no passing-off action in respect of the user of the name 'Bata' to the products marketed by the defendants. The use of the name or mark 'Bata' by the defendants is indicative of their intent."

From the above, what needs to be examined is the impression which the unsuspecting buyer would gather from the respondent's trademark 'American Fox Outfitters'. The replacement of the eagle with a fox is too

much of a coincidence, however, that the respondent would adopt three identical words in seeking for a garment brand akin to that of the appellant's. If this case satisfied the tests laid down in *T.V. Venugopal v. Ushodaya Enterprises Ltd.-(2011) 4 SCC 85*, the Court would consider it as an honest adoption of the trade name/trademark of a prior user. In this case, it does not appear to be so.

It is the appellant's case that they have been selling clothing goods in India under the registered trademark 'American Eagle Outfitters' since the year 2000. He states that although local sales in India may not be of high volume or value, i.e., it is limited to approximately US \$ 3000. Nevertheless, the brand is well known in the Garment Manufacturing Sector of India. Since manufacture first began in India, the total dollar value of products manufactured in India has exceeded several billion dollars. The importance of India as a manufacturing location for the appellant's readymade clothing bearing the appellant's marks is evidenced by the following dollar payments made to Indian manufacturers during the period 2007-2013:-

Year	Payments (inUS\$)
2007	17,855,240
2008	32,451,793
2009	35,273,001
2010	35,242,546
2011	85,897,026
2012	101,975,670

2013	98,712,620.06
------	---------------

It is the appellant's case that having tested the orders in India they are likely to open stores in India in a couple of months and their reputation is well known and therefore needs to be protected.

The learned counsel for the respondent states that if the injunction as sought in the suit is granted, the designs of the contesting respondent would effectively cease, thus rendering them immeasurable and causing irreparable loss.

The learned counsel for the respondent states that for any protection to be granted to the appellant what needs to be tested is whether the respondent's goods is deceptively similar to that of the appellant's. The element of deception has to be a rational test, i.e., impression to be covered from looking at the mark not only on first impression but also upon closer scrutiny. The mere comparison of three words American Fox Outfitters does grant them any protection. He submits that no ground is made out for grant of any interim protection because loss, if any, can always be repaired upon such amounts as may be fixed by the Court. He refers to section 29 which lays the test of association between the conflicting trademarks by the mere use of the words.

The Court is of the view that while font style and font size of the two marks may be similar, the overall impression gathered by an ordinary unsuspecting purchaser has to be seen. The appellant's mark includes the distinctive image of an eagle above the words 'American Eagle Outfitters' while the respondent's mark includes the image of a 'fox' above the words 'American Fox Outfitters'. The visual impact of the images are the

distinguishing feature. Therefore, the impression of the two marks would *prima facie* not appear to be deceptive to an ordinary person.

In view of the above, no case is made out, the petition is dismissed.

NAJMI WAZIRI, J.

DECEMBER 21, 2018