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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**
+ **FAO (COMM) 214/2024, CM APPL. 63857/2024 (Stay), CM APPL. 63858/2024 (Summoning Of Electronic Record)**

M/S. ARVI LIGHTS AND ORS.Appellants

Through: Mr. J. Sai Deepak, Mr. Shravan Kr. Bansal, Mr. Amit Chanchal Jha and Mr. Abhishek Avdhani, Advs.

versus

M/S. BIG DEEPER INDUSTRIES LLP AND ANR.

.....Respondents

Through: Mr. Raj Shekhar Rao, Sr. Adv. with Mr. Nischal Anand, Mr. Siddharth Arora and Ms. V. Gupta, Advs.

CORAM:
HON'BLE MR. JUSTICE YASHWANT VARMA
HON'BLE MR. JUSTICE RAVINDER DUDEJA

ORDER
04.11.2024

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1. The appellants who stand arrayed as defendants in the original suit impugn the correctness of the order dated 04 September 2024 by virtue of which its application under Order XXXIX Rule 4 of the **Code of Civil Procedure, 1908¹** as well as the application of the respondent-plaintiff under Order XXXIX Rule 1 of the CPC have come to be disposed of. The application for vacation was made in respect of an *ex parte* order of injunction which came to be passed by the Trial Judge on 06 May 2024.
2. For the purposes of disposal of the present appeal, it would be apposite to take note of the following disclosures which are made by

¹ CPC



the appellants.

3. It is asserted that a Chinese company **Big Dipper Laser Science and Technology Co. Ltd.**² came to be incorporated sometime in the year 2003 and adopted a trademark “*Big Dipper*” and a corresponding logo. It is averred that the trademark as well as logo is registered in China since 20 October 2005 and the same being in addition to the registrations held by BDLST in various jurisdictions. The details of those registrations are set out in Para 7(iv) of the appeal and which reads as follows:-

“(iv) M/s BDLST has also obtained registrations of the same mark “BIG DIPPER” in various countries including China and earliest registration in China for the same BIG DIPPER Logo is since 20/10/2005 (*wrongly mentioned 20/ 10/2003 within Para 6 of the Appellants' Application under Order 39 rule 4 CPC*) and other registrations. The List of worldwide trademark registrations of M/s BDLST is annexed herewith as ANNEXURE A-11. The copies of International Trade Mark registration certificates of M/s BDLST are annexed herewith as ANNEXURE A-12. Copy of WIPO International registration no. 1119255 in favour of M/s BDLST is annexed herewith as ANNEXURE A-13. The List of worldwide trademark registrations of M/s BDLST is also reproduced here in below for the kind perusal of this Hon'ble Court:

S No.	Country	Reg. No.	Application Date	Reg. Date	Class
1.	CHINA	3759506 		28/08/2005	
2.	CHINA	5500648	25/07/2006	07/07/2009	9
3.	PERU	00178164	04/01/2011	05/08/2011	9
4.	MEXICO	1217774	05/01/2011	19/05/2011	9
5.	PARAGUAY	367243	18/01/2011	03/09/2012	9
6.	COLOMBIA	433019	24/02/2011	27/09/2011	9

² BDLST



7.	HONG KONG	301863216	18/03/2011	08/11/2011	9
8.	TAIWAN	01491042	06/04/2011	16/12/2011	9
9.	PHILIPPINES	4-2011-014232	29/11/2011	26/04/2012	9, 11 & 28
10.	HONG KONG	302117943	20/12/2011	07/02/2013	11
11.	PARAGUAY	375325	26/12/2011	11/02/2013	11
12.	PERU	00191206	27/12/2011	10/08/2012	11
13.	COLOMBIA	449725	28/12/2011	30/05/2012	11
14.	TAIWAN	01538909	28/12/2011	01/10/2012	11
15.	MEXICO	1289209	02/01/2012	06/06/2012	11
16.	UNITED KINGDOM	UK00003008597	05/06/2013	06/09/2013	9
17.	MALAYSIA	2013056102	24/06/2013	21/08/2014	9
18.	ARGENTINA	2.675.186.	25/07/2013	03/09/2014	11
19.	COSTA RICA	2334433	30/08/2013	28/03/2014	9

4. According to the appellants, the goods under the said trademark and logo “*Big Dipper*” are legally imported into India. The appellant also asserts that it holds an authorization granted by BDLST dated 06 June 2024 and which appears at pdf page 909 of our record. From the averments made in the appeal we further gather that in November 2011, BDLST had filed an application for registration of its trademark before the **Trade Marks Registry**³ in India. However, the said application came to be refused with no further steps being taken by BDLST. It is only thereafter that the appellant filed an application for registration of the trademark “*Big Dipper*” along with the logo and which is presently pending opposition before the Registry.

5. The respondent-plaintiff came to institute the suit in question averring that it had adopted the mark “*Big Deeper*” in 2010 and has been continually using that mark as part of its trade name. It also

³ TMR



claims to be an entity which is well known amongst the consuming public and had claimed exclusive use of those marks. A comparison of the two marks in question appears at pdf page 133 of our record and is reproduced hereinbelow:-

LOGO OF Big Dipper Laser Science and Technology Co. Ltd. (M/s BDLST)	LOGOS OF RESPONDENT (BIG DEEPER INDUSTRIES LLP)
	  

6. The plaintiff had asserted use of the mark right from 2010 having obtained registration in respect thereof from the TMR on 05 October 2023. It was alleged in the suit that despite the registration standing in favour of the respondent-plaintiff, the defendants were using and distributing goods bearing a trademark which was deceptive



and similar and thus amounting to infringement. It was on a consideration of the aforesaid factors that the Trial Judge appears to have granted an *ex parte* injunction on 06 May 2024.

7. Upon being placed on notice, the appellants entered appearance and had also filed a written statement. In the course of prosecuting their application for vacation of the *ex parte* injunction, the appellants had addressed the following submissions before the Trial Judge:-

“16. It has also been argued by Ld. Counsel for defendants that impugned trademark is the intellectual property of M/S BDLST, who is bonafide proprietor of the trademark BIG DIPPER and



since the year 2003 in relation to laser stage lights, LED stage lights, moving beams, including LED par lights, LED magic balls, LED moving headlights, disco lights and laser diodes & laser display system etc. and the said trade mark/label has been used extensively in China and other countries including India. It is also submitted that in India, the said mark BIG DIPPER has been imported and is in extensive use at least from the year 2006 and products bearing the said trademark/label are still being exported to India and the same are in high demand in China, India and also in other countries across the world. It is also his submission that through the extensive use, the said trademark/label has acquired further distinctiveness and secondary significance and has earned tremendous goodwill and reputation in India in relation to M/S BDLST and from 2003- 2006 and even thereafter, the said trademark/label possessed considerable trans-border reputation and spillover reputation in India.

17. It is also the contention of Ld. Counsel for defendants that M/S BDLST is the registered proprietor of said trademark in respect of goods in Classes 9 & 11 not only in China, but also in various other countries like Peru, Mexico etc. The details of applications for registration of these marks filed by M/S BDLST in these country are also found stated in the applications of defendants and it has been argued that M/S BDLST was established in Shenzhen, China on 13.08.2003, when it adopted the said trademark/label and ever since, M/S BDLST has been engaged in the research and development of laser system hardware and software. It is submtited that M/S BDLST had filed the first application for mark containing "Big Dipper" on 20.10.2003 in respect of the goods in Class 9 in China, which attained registration in 2008 w.e.f. 2003 and details of the said registration given in above applications are as follows:-



Mark	Reg No	App Date	Reg Date	Class
	3759506	20/10/2003	21/11/2008	9

18. It has further been submitted by Ld. Counsel for defendants that M/S BDLST had also filed another application No. 2240543 in Class 11 for the registration of the trademark "Big Dipper" in India as early as on 28.11.2011 and filed numerous documents of prior user since 2003 along with reply dated 05.07.2017 to examination report dated 12.10.2015. The details of said application as mentioned in the applications are as under:

Word Mark **BIG DIPPER**

Appl. No. 2240543 **Class :** 11

Appl. Date 28/11/2011

Proprietor BIG DIPPER LASER SCIENCE AND TECHNOLOGY CO., LTD

Journal No. - **Journal Date :**

Goods & Services Description LIGHT BULBS; ELECTRIC LAMPS; LAMPS; LIGHT DIFFUSERS; LIGHT DIFFUSERS; LIGHTING APPARATUS AND INSTALLATIONS; LUMINOUS TUBES FOR LIGHTING; FLASHLIGHTS (TORCHES) ; STANDARD LAMPS; PROJECTOR LAMPS

It has also been submitted that the above said application of M/S BDLST was refused on technical grounds, however the same does not take away from the fact that the plaintiffs merely copied, pirated and dishonestly adopted the mark of M/S BDLST along with the artistic work/logo, all of which the plaintiffs cannot claim any rights in.

19. It has further been submitted by Ld. Counsel for defendants that the words "Big Dipper" have been used as BDLST's domain name (<http://www.bigdipper-laser.com/cn>) (hereinafter referred to as the said domain name) which is operational since 04.11.2003 and through which the said goods under the said trademark/label Big Dipper of M/S BDLST have been extensively advertised and promoted and the website of M/S BDLST hosted on the said domain name has been broadcasting the said goods under the said trademark/label of M/S BDLST continuously since 2003 and has been accessed by vast numbers of consumers and has been fully within the knowledge of the plaintiffs.

20. It has also been submitted that the said trademark/ label "Big Dipper" of M/S BDLST has been named as among the "10 Most Competitive Brands of Lighting Apparatus" by "hc360.com", a



popular B2B online shopping website in China, from 2009 to 2012, as per the submissions made and documents filed by M/S BDLST before the Registrar of Trademarks.

21. It is further the submission of Ld. Counsel for defendants that defendants are presently the authorized distributors of M/S BDLST for the said trademark/label and they procure the said goods from M/S BDLST against proper invoices, shipping and other commercial documents and on payment of proper customs duties. It has been submitted that defendant no. 3 has bonafidely procured the said goods of M/S BDLST and has made further sales thereof in India at least since the year 2017 and he has also been the BIS agent of M/S BDLST for the purpose of ISI certification since the year 2018 and duly holds the BIS certification on behalf of M/S BDLST. It is also submitted that the said defendant had even filed a rectification petition on behalf of M/S BDLST against the registered trademark BLG DIPPER under no. 3565706 in Class 11 and it is being stated that though the said defendant duly placed on record before the Ld. Registrar Trademarks, the authorization by M/S BDLST, but he was erroneously mentioned as owner of the said trademark/label in the said rectification petition owing to mistake and error of the attorney and he is in the process of taking steps to make amendments in the rectification petition to bring on record the correct fact of M/S BDLST being owner of the said trademark.

22. It is also the submission of Ld. Counsel for defendants that plaintiff has malafidely concealed the fact of the aforesaid registration under no. 3565706 in Class 11 and the rectification proceedings against it filed by the said defendant. It is also submitted that the said defendant had even filed opposition proceedings against the trademark application no. 22481761 of plaintiff in the year 2018 as well as the other rectification petitions/oppositions against the other trademark applications of plaintiff. It is also submitted that above said defendant has also been authorized by M/S BDLST to defend the present suit and to take other steps for the protection of their above said trademark/ label of M/S BDLST and as such, he has every right to trade under the impugned trademark BIG DIPPER and



logo which is the prior (First in the market) trademark in all respects, and the plaintiff has no right to seek an injunction or restraint order upon the same as it is the plaintiff who is the pirator and fraudulent and dishonest adopter the said trademark/logo. It is also his submission that two persons at different places cannot claim to be the artistic creators of the same mark and since M/S BDLST has been using the above mark/logo since the year 2003, it is clear that plaintiff has adopted or copied the same In this regard Ld. Counsel for defendants has relied upon the judgments passed in cases titled as **Glaxo Operations UK Ltd., Middlesex (England)**



and Others Vs. Samrat Pharmaceuticals, Kanpur AIR 1984 DEL 265 and in case tilted as M/S K.B Hiralal & Sons Vs. M/S Kumar Industries & Anr. 1985 Arb. LR 265.”

8. The appellants had also alluded to the principles of cross-border reputation which the trademarks of BDLST enjoyed in India and had referred to the various Bills of Entry and other documents evidencing a valid import into the country and which form part of our record and appear at pdf pages 700 and 796. In the written statement, the appellants had also alluded to the registrations held by “*Big Dipper*” since 2003 across various jurisdictions. They had also claimed imports having been affected into the country commencing from 2006. Notwithstanding those assertions having been made, the Trial Judge has ultimately and upon hearing respective sides observed as follows:-

“34. As is clear from the above, this court vide its ex-parte ad-interim order has already restrained the defendants, their agents, servants etc. from using, manufacturing, advertising, selling, offering for sale, marketing, etc. any commodity, product, service, packaging, advertising material having the above deceptive and identical marks/trade dress/logos being used by them, which were found deceptively similar to the registered trademark/trade dress/logo of plaintiffs, as stated above, either on-line or otherwise, or from passing off their products as that of the plaintiffs by using the above deceptive marks/trade dress/logos till further orders and the defendants were also restrained from disposing of their products having the above infringing marks as available at their given addresses and further as may be available in stock in trade till further orders.

35. Though, it has been vehemently argued by Ld. Counsel for defendants that the above ex-parte ad-interim order has been obtained by plaintiffs from this court by suppression or concealment of facts and the said order could not have been passed had the above facts regarding registration of the above said mark/logo BIG



DIPPER and in China and various other countries by M/S BDLST and use of the said mark/logo since the year 2003 been brought to the knowledge of this court, but in considered opinion of this court the question of concealment of facts will arise only when there is clear and cogent evidence on record to show that the said



facts were in knowledge of the plaintiffs. Moreover, it will also be subject to the condition that the said facts were actually material and could have resulted in denial of the relief of injunction to plaintiffs.

36. However, when the rival contentions being raised by Ld. Counsels for parties are considered in light of their respective pleadings and the documents filed on record, this court is of a prima-facie view that whether or not there was any concealment of above facts on the part of plaintiffs or whether or not they were aware of



the facts that the above mark/label/logo of BIG DIPPER and in any of the forms was the registered mark of M/S BDLST in China or in other countries or that the said company had adopted or was using the said mark/logo since around the year 2003 is a question which will have to be considered and decided only during the course of trial. Further, since the above company M/S BDLST is not a party to this suit and has not got registered the above mark/label/logo of



BIG DIPPER and in this country, the concealment of above facts by plaintiffs herein may not even be material and relevant enough to deny the relief of injunction to plaintiffs, as has been claimed in the present suit.”

9. Insofar as extra-territorial reputation is concerned, the Trial Judge has observed as follows: -

“**37.** Further, as already discussed, it is the admitted case of defendants that M/S BDLST had though applied for registration of the said mark BIG DIPPER in India vide application no. 2240543 in Class 11, but the said application was refused for registration and though Ld. Counsel for defendants has submitted that the same was refused on some technical grounds, but it is the case of plaintiffs that it was refused by the trademark Registry citing the prior adoption of the above mark/label/logo of BIG DEEPER by the plaintiffs and further since the mark/label/logo of BIG DIPPER applied for by M/S BDLST found deceptively similar or resembling to that of plaintiffs. Moreover, admittedly, the said mark/logo of BIG DIPPER by M/S BDLST was applied in India for registration though the above said application on 28.11.2011 and though it might have been the claim of said company in above application regarding user or adoption of the said mark/logo since around the year 2003 or at any time prior to the above date 01.04.2011 from when the plaintiffs are claiming to have adopted the said mark/logo, but since the said application of M/S BDLST for registration of their mark/label/logo in India stands already refused, the claim about date of adoption or use of the said mark by them in China or other countries cannot be made a ground



to defeat the claim of plaintiffs or to deny the relief of injunction being prayed by them.

38. Again, this court is also of the prima-facie view that since M/S BDLST has not come forward to contest the claim of plaintiffs in present suit regarding their rights for the exclusive use of above mark/label/logo of BIG DEEPER or with a claim that the said mark/label/logo has been copied or adopted by plaintiffs from their mark/label/logo BIG DIPPER, this court is not required to adjudicate upon the legality of their rights in respect to ownership and user of the above impugned marks and the court is only required to decide and adjudicate upon the rights and contention of parties to this suit. Ld. Senior Advocate for plaintiffs, therefore, appears to be right in making the submission that even if the plaintiff is not taken to be the original creator of the above mark/label/logo BIG DEEPER or the artistic work vested therein, but since the plaintiff no. 2 is the registered owner of different word marks in name of BIG DEEPER and also of the label/logo  and is the prior user of the said mark/label/logo, he is entitled to protection from this court.”

10. We find ourselves unable to sustain the aforesaid line of reasoning, which has essentially held that an importer cannot assert cross-border reputation unless the trademark holder itself were to come forward and contest the claim. This finding is clearly rendered unsustainable when viewed in light of the undisputed fact that BDLST had not been arrayed as a party defendant in the suit proceedings. Once the appellant had asserted that it had imported the goods and which in turn had obtained a reputation within India, its challenge to the grant of the ex parte injunction could not have been overlooked or ignored for reasons which the Trial Judge has come to record.

11. We also find that the Trial Judge has failed to consider the material which the appellants had placed on the record in support of their contention of a valid import having been affected and the presence of the goods of BDLST in the country right from 2006. All that the Trial Judge has noted in this respect is that the same was not found satisfactory. We deem it apposite to take note of the



observations made in that respect as under:-

“44. The documents on record, prima-facie, establish that various word marks in the name of BIG DEEPER and the label/ logo  were got registered by plaintiff no.2 vide separate applications of different dates with claim of user or adoption thereof w.e.f. 01.04.2011 and he had also authorized the plaintiff no.1 to use the said marks/label/logo and therefore, the plaintiffs can be considered to be the prior users of these marks in comparison to defendants using the impugned marks on their goods in whatsoever capacity. The copies of invoices or other documents placed on record by defendants are not found satisfactory and hence, sufficient to show that they are using the impugned marks/labels/logos in any capacity prior to the above date of adoption of the marks/label/logo in name of BIG DEEPER by the plaintiffs. Hence, the plaintiff no.2 being the registered owner of above said marks/label/logo and the plaintiffs also being prior users of the marks/label/logo in name of BIG DEEPER are liable to be protected from infringement of the said marks/label/logo by any third parties irrespective of the fact that some other applications of the plaintiff i.e. application no. 2481761 filed for registration of the marks/logos/labels mentioned at point (b) of the table given in para 16 of the plaint was opposed by defendants or others and the other application no. 4280377 mentioned at point (f) of the said table was withdrawn due to opposition from the NIKE company/firm/group. Since M/S BDLST is not a party to the suit, the alleged authorization or attorney given by said company to defendant no. 3 to defend or contest the claim of plaintiff in this suit is also of no prima-facie use or help to the case of defendants.”

12. The Supreme Court in the matter of **N.R. Dongre and Others v. Whirlpool Corporation and Another**⁴ had, while negating the challenge to the temporary injunction, recognised the concept of transborder reputation and observed as follows:-

“15. The findings of the learned Single Judge, as affirmed on appeal by the Division Bench, are:

(i) Long prior user of the name of 'WHIRLPOOL' by Plaintiff and a trans-border reputation and goodwill extending to India to the use of that name;

(ii) Prior registration of that name even in India from 1956-57 to 1977 against the earliest claim by the defendants from 1986 (the date of application for registration);

⁴ (1996) 5 SCC 714



(iii) Grant of registration to the defendants on 12-8-1992, only on the ground of proposed user instead of actual user, which was opposed by the plaintiffs and is subject to the outcome in the pending appeal;

(iv) No reliable evidence of the defendants having marketed their washing machines for any considerable length of time prior to grant of the interlocutory injunction;

(v) Irreparable injury to the plaintiffs' reputation and goodwill with whom the name of 'WHIRLPOOL' is associated, because of the washing machines of the defendants not being of the same standard and quality of performance as the plaintiffs' machines;

(vi) On the other hand, no injury to the defendants by grant of the injunction inasmuch as the defendants' washing machines can be sold under the other names used earlier, with the removal and replacement only of the small metallic strip which bears the offensive trade mark/name which includes 'WHIRLPOOL'; and

(vii) There is no justification to accuse the plaintiffs of culpable delay, acquiescence and laches or abandonment so as to disentitle them from the relief of injunction.

It has also been held that there is no plausible explanation offered by the defendants for recently adopting the mark 'WHIRLPOOL' when business in washing machines was being carried out earlier in other names, which at this stage, is supportive of the plea of unfair trading activity in an attempt to obtain economic benefit of the reputation established by Plaintiff 1, whose name is associated with the mark 'WHIRLPOOL'. The plaintiffs' conduct in opposing the defendants' application for registration as soon as it was notified and persisting in the opposition by filing an appeal against the Registrar's order and then an application for rectification of the entry in the register on grant of the certificate and also filing the suit without delay is referred by the trial court as sufficient to suggest that there was no abandonment of the mark, acquiescence or laches by the plaintiffs.

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18. Injunction is a relief in equity and is based on equitable principles. On the above concurrent findings, the weight of equity at this stage is in favour of the plaintiffs and against the defendants. It has also to be borne in mind that a mark in the form of a word which is not a derivative of the product, points to the source of the product. The mark/name 'WHIRLPOOL' is associated for long, much prior to the defendants' application in 1986 with the Whirlpool Corporation, Plaintiff 1. In view of the prior user of the mark by Plaintiff 1 and its trans-border reputation extending to India, the trade mark 'WHIRLPOOL' gives an indication of the



origin of the goods as emanating from or relating to the Whirlpool Corporation, Plaintiff 1. The High Court has recorded its satisfaction that use of the 'WHIRLPOOL' mark by the defendants indicates prima facie an intention to pass off the defendants' washing machines as those of the plaintiffs or at least the likelihood of the buyers being confused or misled into that belief. The fact that the cost of the defendants' washing machine is 1/3rd of the cost of the plaintiffs' washing machine as stated by Shri Sibal, itself supports the plaintiffs' plea that the defendants' washing machines are not of the same engineering standard and are inferior in quality to the washing machines of the plaintiffs. In addition, it has been rightly held that the grant of interlocutory injunction would cause no significant injury to the defendants who can sell their washing machines merely by removing the small metallic strip bearing the offensive trade mark/name which includes 'WHIRLPOOL'. On the other hand, refusal of the interlocutory injunction would cause irreparable injury to the plaintiffs' reputation and goodwill since the trade mark/name 'WHIRLPOOL' is associated for long because of prior user and even otherwise with Plaintiff 1, Whirlpool Corporation. These factors which have been relied on for grant of the interlocutory injunction by the trial court indicate that the exercise of discretion was in accordance with the settled principles of law relating to the grant of interlocutory injunctions in a passing-off action. The affirmance of the trial court's order by the Division Bench on an appeal reinforces the trial court's view.

19. Applying the settled rule indicating the scope of interference in an appeal against exercise of discretion by the trial court to grant an interlocutory injunction, we find no ground to take a different view or to interfere with the grant of the injunction.”

13. Insofar as cross-border reputation is concerned, a Division Bench of this Court had an occasion to extensively deal with that subject in **Bolt Technology OU v. Ujoy Technology Private Limited and Another**⁵ and where the legal position was enunciated in the following words: -

“102. The Supreme Court in *Toyota* while accepting that the territoriality principle would merit adoption by Indian courts also does not appear to have shut out the application of cross border reputation principles where reputation may be found to have transcended borders. This would be evident from the discussion which ensues. As is manifest from a reading of *Toyota*, the said decision spoke of those precepts being applicable even in the

⁵ 2023 SCC OnLine Del 7565



absence of a “real market” as conventionally understood and bid us to examine the issue from the standpoint of the claimant through its mark being present in the market. We also deem it apposite to advert to the repeated conjunctive use of the expressions reputation alongside goodwill at more than one place in the said decision.

103. Reverting then to *Starbucks*, we note that the UKSC essentially found itself bound by past precedents, albeit rendered in times far removed from the present, and which had held that mere spill-over of reputation would not suffice and a case of domestic rooting of goodwill had to be established. However even Starbucks sought to reconcile the legal position by accepting the fact that the presence of customers within the United Kingdom availing of services abroad may suffice. The UKSC also appears to have weighed in consideration the latent effect of such a position tipping the balance in favour of protection. While this would clearly constitute an important consideration when we evaluate claims of cross border reputation, Toyota as well as the judgments in *Cadbury* and *MAC Personal Care* have constructed adequate safeguards and gateways before such a contention may be accepted. This we do observe bearing in mind those decisions employing the metric of significant and substantial evidence of reputation and presence in the jurisdiction as being the determinative factor. What we seek to emphasise is the need to acknowledge the imperatives of shrugging off the conventional moorings of goodwill, as traditionally understood, coupled with it being rooted in a tangible market while considering the issue of cross border reputation.

104. We find that *Toyota* was dealing with a product which had virtually no physical or commercial presence in India. There was admittedly no evidence of Prius having been commercially traded in India. The Supreme Court answered the issue of transborder reputation weighing in balance the absence of significant information and knowledge of the mark in India, limited online exposure and the stray reportage of the product. It thus answered the issue based on a lack of goodwill, lack of information and knowledge of the mark amongst a sizeable number of people in the concerned segment and thus a failure to meet the evidentiary standards of recognition and knowledge of the mark. At the cost of repetition, we deem it appropriate to advert to the Supreme Court observing in para 40 of the report that if “goodwill or reputation” in the particular jurisdiction were not proven, no other issue would arise for consideration. This coalesces with the observation of absence of a real market and the principal factor being “presence of the claimant through its mark within a particular territorial jurisdiction in a more subtle form....”. 102. Thus *Toyota* cannot possibly be read as adopting or advocating the restricted approach taken by English courts and which had spoken of goodwill, as traditionally understood, being an inviolable condition for testing claims of passing off where the same be based upon a cross border



reputation. The Supreme Court merely accepted the predominant view taken in most jurisdictions across the globe of the territoriality principle being the norm as opposed to the doctrine of universality. However, *Toyota* cannot possibly be understood as propounding a position that significant reputation can have no bearing especially in cases where it is urged that the mark had acquired a transborder reputation. In fact the concept of cross border reputation and a spill over of renown was duly recognised and affirmed.

105. We deem it pertinent to observe that acceptance of reputation as a facet relevant to actions of passing off would not run contrary to the territoriality principle. What we seek to emphasise is that insistence upon goodwill being viewed as a necessary precondition for maintaining an action of passing off can no longer be countenanced to be the correct view. *Allergan, Cadbury, MAC Personal Care* and *Toyota* bid us to abandon the archaic and doctrinaire approach bearing in mind the transformative impact of technology that has blurred traditional boundaries allowing trademarks of global renown to surpass the conventional constraints of having localised support within tangible or real markets. We would clearly be in error if we were to ignore the imperatives of international commerce and the presence of marks which could today be recognised to have a reputation spanning jurisdictions. We thus find ourselves unable to either accord primacy to goodwill or recognise it to be an inviolable condition for asserting passing off.

106. We also bear in mind the exposition of the legal position by the Australian Federal Court in *Conagra* which had traced the “hard line” and the “softer approach” by courts in England while dealing with the subject of spillage of reputation. It was this which constrained it to observe that the line as advocated by the decisions rendered in the United Kingdom conflict with the needs and imperatives of contemporary business and international commerce. It is the view expressed in *Conagra* which also appears to be the position taken by courts in the United States as would be evident from the passages of McCarthy's seminal work on trademarks. In fact the author proceeds to suggest that perhaps the territoriality doctrine may itself have been rendered obsolete and no longer constitute a safe test to adopt for the purposes of addressing the complexities and interdependencies pervading the globally connected world that we live in. However, we do not propose to either advocate or accept that view bound as we are by *Toyota*. The said decision of the Supreme Court in any event only speaks of goodwill having a territorial operation as opposed to reputation which may yet be found to exist even in the absence of commercial returns or a localised rooting.

107. We also bear in consideration the extensive review of the English position by the Federal Court of Australia which in *Conagra*



had critically observed that the strict dissection between reputation and goodwill appeared to stem from reliance having been unjustifiably and overly placed on judgments rendered in the context of revenue laws and the inherent limitations in localising goodwill where the reputation of a business attains an omnipresent or singular stature. However, even if we proceed on the territoriality principle, and which *Toyota* commands us to do, the concept of reputation as explained above would warrant claims of cross border reputation being tested on lines suggested above.

108. Upon a due consideration of the aforementioned decisions and the authoritative texts referred to above, we find that the expressions “*reputation*” and “*goodwill*” have been used conjunctively or interchangeably and the distinction between the two which the English Courts continue to mandate clearly appears to have become blurred in other jurisdictions. In fact, it is the position as taken by the English courts which has constrained courts in various jurisdictions to characterise it as being overly restrictive or the limiting view. The imperatives of reputation being considered to be a stand-alone factor would also appear to be in tune with the scheme of well known marks which has come to be adopted and incorporated in statutes in various jurisdictions. In fact, the concept of well known marks was a facet which was alluded to even by the UKSC in *Starbucks*. This is evident from a reading of para 64 of the report.

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115. We further find that a mere global reputation or asserted goodwill has neither been accorded a judicial imprimatur nor accepted as being sufficient by our courts to answer a claim of transborder reputation. In order to succeed on this score, it is imperative for the claimant to prove and establish the existence of a significant and substantial reputation and goodwill in the concerned territory. Unless a sizeable imprint of the presence of the mark is established amongst the consuming public, a claimant would not be entitled to protection. In fact, knowledge amongst a sizeable and noteworthy number of the concerned segment would be a sine qua non for proving reputation itself. Ultimately the question of a significant reputation would have to be tested on principles analogous to those enumerated in Section 11 of the TM Act. This, in our considered opinion, constitutes a sufficient, adequate and salutary safeguard which would allay and lay to rest doubts of us having adopted a too overly protective stance in favour of claimants who may otherwise have no intent of introducing goods or providing services in India. A claimant who has no presence or a customer base in India, has not established its presence by way of adequate advertisement or promotional activity or one who fails to establish a global reputation equally well known to the consuming public in India would thus be disentitled to claim protection. The adoption of the aforesaid standard would also subserve the imperatives of



avoiding the stifling of local industry and enterprise. This in our considered opinion would be the correct approach and strike the right balance between brands whose reputation transcends territories and the interest of national enterprise and that of consumers on the other.”

14. Tested in light of the above, we were of the opinion that the challenge would merit further consideration. Faced with our tentative conclusions as noted above, Mr. Rao, learned senior counsel appearing for the respondents, submitted that rather than the matter being retained on the board of this Court, the ends of justice would warrant the matter being remitted to the Trial Judge for considering the application under Order XXXIX Rule 1 afresh.

15. Accordingly, and for reasons aforementioned, we allow the instant appeal and set aside the order dated 04 September 2024. The application under Order XXXIX Rule 1 of the CPC shall consequently stand revived to be examined afresh bearing in mind the observations appearing hereinabove.

16. All rights and contentions of respective parties on merits are kept open.

YASHWANT VARMA, J.

RAVINDER DUDEJA, J.

NOVEMBER 04, 2024/RW