

(2010) 12 DEL CK 0248
In the Delhi High Court
Case No : CS (OS) No. 1492 of 2005

Aktiebolaget Volvo and Others	Vs	APPELLANT
Kishore Purohit and Others		RESPONDENT

Date of Decision : 13-12-2010

Acts Referred:

Trade Marks Act, 1999 — Section 29(4)

Citation : (2011) 1 AD 524 : (2011) 45 PTC 207

Hon'ble Judges : V.K. Jain, J

Bench : Single Bench

Advocate : Diva Arora, for the Appellant; Sushant Singh and Tejinder Singh, for the Respondent

Final Decision : Dismissed

Judgement

V.K. Jain, J.—This is a suit for permanent injunction, mandatory injunction, grant of damages and delivering up of infringing material. The plaintiffs, are three separate companies, all registered in Sweden and the plaint has been signed and verified and suit instituted by their attorney Mr. J.K. Sharma. It is alleged in the plaint that plaintiff No. 1 Aktiebolaget Volvo commenced the business of assembling cars in April 1927 and of trucks in the year 1928. Since the business of Volvo Group of Companies grew substantially, plaintiff No. 1 on 26th February 1999, by way of a Global Deed of Assignment, assigned its right, title and interest in the word Volvo along with its goodwill to plaintiff No. 2. This was followed by a supplementary deed of assignment dated 23rd March 2001 so as to comply with the requirement of Indian Trade and Merchandise Marks Act, 1958. On 28th February 1999 vide Global License Agreement, plaintiff No. 2 licensed plaintiffs No. 1 and 3 to use the aforesaid mark for their respective business.

2. It is alleged that plaintiff No. 3 occupies a prominent position as a car producer in the segment in which it produces cars, whereas plaintiff No. 1 is amongst the world leaders in heavy commercial vehicles such as trucks, buses and construction equipments, drive systems for marine and industrial

applications, aircraft engines and space propulsion components. plaintiffs No. 1 and 3 and other companies of Volvo TM Companies manufacture goods and provide related services throughout the world under the trademark Volvo. It is also alleged that the plaintiffs have also created a range of Volvo Merchandise goods to support their core business and enhance the brand and provide opportunities for consumer targeted activities. The trademark Volvo has, therefore, been used in relation to belts, buckles, bags, watches, pens, clothing and a range of other accessories.

3. Volvo is stated to be a rare Latin word which plaintiff No. 1 had adopted for its business and it is alleged that it has all the trappings of an invented mark. It is further alleged that Volvo does not convey anything in its ordinary significance and it is neither a geographical indication nor a surname and its mark has now come to be associated exclusively and solely with the plaintiffs. The plaintiffs claim tremendous goodwill and reputation in the mark Volvo and had worldwide sale figures of Swedish Kroner 183,625 Million, 212,936 Million and 228,512 Million in the years 1997, 1998 and 1999, respectively. It is further alleged that the Volvo is advertised and published as a trademark as well as a corporate name in the various magazines, journals including Times Magazine and financial Times of London and also in Indian newspapers such as Hindustan Times, Times of India and Hindu. The plaintiffs claimed to have spent Swedish Kroner 6594 Million, 5853 Million and 7415 Million in the years 1998, 1999 and 2000, respectively on publicity of its marks and products. It is also alleged that after 1991, five subsidiary companies have been established by the plaintiffs in India. Later all the five subsidiaries were consolidated into one company Volvo India Private Limited.

4. The trademark Volvo is registered in India since 1975 in the following classes:

Trade Mark	Registration No.	Class	Date	Goods
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VOLVO	308314	07	10.09.75	Marine engines, Aircraft Engines, Engines for Industrial, Agricultural and Forestral Machines, etc.
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VOLVO	361866	12	19.05.80	Land vehicles and parts thereof, etc.
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VOLVO	763292	05	20.06.97	First-aid kits
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VOLVO	763284	18	20.06.97	Boxes of Artificial Leather, baggage bags, belts, umbrellas, pocket wallets, purses, back-packs, brief cases, key cases and other goods falling in class 18.
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VOLVO	763278	24	20.06.97	Blankets, Plaids, Winter seat covers,
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5. Defendant No. 1 who is carrying business under the name and style of Defendant No. 2 Rahul Appliances is engaged in the manufacture and sale of mixers, grinders, juicers and their parts and his products are marketed by Defendant No. 3 Monami. In July 2005, the plaintiff were informed of trademark application No. 1304378 filed by Defendant No. 2 before the Registrar of

Trademarks for registration of mark Volvo in class 7 in respect of mixer, grinder, juicer and their parts. The application was advertised in Trademarks Journal on 28th February 2005. The plaintiffs have filed a Notice of Opposition to registration of the mark Volvo in favour of the Defendant. On making enquiry, the plaintiffs came to know about use of the trademark Volvo by the Defendant for manufacturing, selling and use of mixer, grinder, juicer, etc. They also came to know that earlier the Defendant was using the trademark Maxell which was replaced by the trademark Volvo.

6. It is alleged that the Defendant is passing off the goods of the plaintiff by using the trademark Volvo on his products. It is also alleged that by using the trademark Volvo, the Defendants have attempted to dilute the distinctiveness of the plaintiff's famous trademark and in fact he wants to encash on the reputation of the plaintiff company by using the aforesaid mark on his products. It is also claimed that use of the trademark Volvo by the Defendants is mala fide and dishonest, and his sole motive is to encash upon the image and reputation enjoyed by the products being manufactured and sold by the plaintiffs under the name Volvo.

7. The plaintiffs have, therefore, sought injunction against use of the mark Volvo or any deceptively similar mark by the Defendants. They have also sought mandatory injunction directing the Defendants to withdraw trademark application No. 1304378 for registration of trademark Volvo in respect of mixer, grinder, juicer and their parts. They have also sought another mandatory injunction directing the Defendants to disclose the particulars of his distributors, wholesalers, retailers, etc. The plaintiffs have also sought damages amounting to Rs. 25Lacs besides delivering up of all infringing materials such as goods, stickers, cartons, packing, dies, articles, papers and other material of the Defendants bearing mark Volvo.

8. The Defendants are ex parte. The plaintiffs have filed affidavit of Ms. Monica Dempe, Managing Director of plaintiff No. 2 by way of evidence. In her affidavit, she has supported, on oath, the case setup in the plaint. Ex.PW1/4 is the power of attorney executed by plaintiff No. 1 in favour of Colonel Retd. J.K. Sharma and Mr. D.C. Sharma. Vide Clause 2 of this Power of Attorney, they have been authorized to sign and verify the pleadings and institute legal proceedings on behalf of plaintiff No. 1. Ex.PW1/5 is the Power of Attorney executed by favour of plaintiff No. 3 whereas Ex.PW1/6 is Power of Attorney executed by plaintiff No. 2 in their favour. plaintiffs 2 and 3 have also authorized them to sign and verify the pleadings and institute legal proceedings on their behalf.

9. Ex.PW1/25 are the certificates of registration of the trademark Volvo in favour of plaintiff No. 2 under different classes. The registration in favour of plaintiff No. 2 are as under:

Trade Mark

Registration No.

Class

Date

Goods

VOLVO

308314

07

10.09.75

Marine engines, Aircraft Engines, Engines for Industrial, Agricultural and Forestral Machines, etc.

VOLVO

361886

12

19.05.80

Land vehicles and parts thereof, etc.

VOLVO

763292

05

20.06.97

First-aid kits

VOLVO

763293

06

20.06.97

Non-electrical cables, cable terminals, speedometer cables, locks, metallic tubes, metallic hoses, pipe connections, screws, bolts butts, rivets, lock washers, spring washers, flat washers, plugs, split pins, shims spacer rings, bushing, clamps and clips, woodruff keys, screw unions, spring bolts, shackles, ball joints, hinges, brackets, oil and fuel tanks, tank accessories, nipples, fuel cans, ladders, handles, metallic signs, wire baskets, metal wires.

VOLVO

763284

18

20.06.97

Boxes of artificial leather, baggage bags, belts, umbrellas, pocket wallets, purses, back-packs, brief cases, key cases and other goods falling in class 18.

VOLVO

763278

24

20.06.97

Blankets, Plaids, winter seat covers, towels.

VOLVO

1240077

38

26.09.03

Communication Services falling in Class 38.

VOLVO

1240076

39

26.09.06

Transportation and storage falling Class 39.

VOLVO

1240075

41

26.09.03

Education and Entertainment in Class 41.

VOLVO

1240071

37

26.09.03

Construction and repair services in Class 37.

VOLVO

1240074

35

26.09.03

Advertising and business services.

VOLVO

1240072

40

26.09.03

Material treatment services falling in Class 40.

VOLVO

763291

04

20.06.97

Lubricating oils, rust oils, lock lubricants and other goods falling in Class 4.

VOLVO

763296

09

20.06.97

Electric batteries, compasses, capacitors, relays, electronic time relays, switches, fuses, electrical contacts, electrical sockets, electrical fans, electrical cigarette lighters, radio sets, tape players, loudspeakers, interference suppressors, aerials/antennas, measuring instruments for fuel, oil pressure, tyre pressure, compressed air, temperature, amperage, speed and engine revolutions, mileage, mileage recorders, time recorders, rudder indicators, instrument panels, dipsticks, thermostats, signal lamps, dynamometers, brake testers, electrical and mechanical instruments and apparatus alarm units, warning reflectors; fire extinguishing apparatus, electronic monitors and regulators for engines and motors all being goods falling in Class 9.

VOLVO

763279

25

20.06.97

Belts, caps, hats, jackets, shirts, socks, scarves, sweaters, T-shirts, overalls, waterproof clothing,

neckties and other goods falling in Class 25.

VOLVO

1240079

42

26.09.03

Miscellaneous services included in Class 42.

10. Ex.PW1/27 is the publication of application No. 1304378 dated 23rd August 2004 by Defendant No. 1 Mr. Kishore Purohit, trading as Rahul Appliances, for registration of the mark Volvo with respect to mixers, grinders, juicers and their parts. Ex.PW1/28 is the opposition by plaintiff No. 2 to the application submitted by Defendant No. 1 for registration of the mark Volvo in his favour with respect to mixers, grinders, juicers and their parts. Ex.PW1/29 are the photographs of the product manufactured and sold by Defendant No. 1 under the name Volvo. Ex.PW1/31 is the Instruction Manual and Guarantee Card with respect to mixer, grinder, juicer and their parts, manufactured and sold by Defendant No. 1 using the mark Volvo. Ex.PW1/30 is the invoice of the purchase of a mixer-grinder by the plaintiff, from Defendant No. 2, on 21st July 2005.

11. In her affidavit Ms. Monica Dempe has also stated that plaintiff No. 1 had sales figures of Swedish Kroner 119,410 Million, 140,710 Million and 157,117 Million in the years 2004, 2004 and 2005, respectively. She has also stated in her affidavit that plaintiff No. 3 sold 415046, 456224 and 443947 cars in the years 2004, 2005 and 2006, respectively. She has further stated that plaintiff No. 1 incurred publicity expenses of Swedish Kroner 1167 Million, 1251 Million and 1584 Million in the years 2003, 2004 and 2005, respectively, whereas plaintiff No. 3 incurred expenditure of US\$ 739 Million, 696 Million and 626 Million during the years 2003, 2004 and 2005, respectively, on advertising and promotion.

12. It thus can hardly be disputed that plaintiffs No. 1 and 3 are large multinational companies which are using the trademark Volvo for manufacturing and selling various products particularly vehicles and the word Volvo is an integral component of their corporate name. I am satisfied that the name Volvo on account of its extensive use by the plaintiffs since 1915, has become associated exclusively with the plaintiff companies and the products being manufactured and sold by them.

13. Section 29(4) of the Trade Mark Act, 1999 is relevant and reads as under:

29(4) A registered trade mark is infringed by a person who, not being a registered proprietor or a person using by way of permitted use, uses in the course of trade, a mark which- (a) is identical with or similar to the registered trade mark; and (b) is used in relation to goods or services which are not similar to those for which the trade mark is registered; and (c) the registered trade mark has a reputation in India and the use of the mark without due cause takes

unfair advantage of or is detrimental to, the distinctive character or repute of the registered trade mark.

14. With the passage of time, the goods sold or the services rendered by a person, including a company may acquire huge reputation in the market and certain goodwill comes to be attached to its products, on account of their being in the market for a long time, coupled with their quality. It is not permissible for another person to start selling goods, using that name and thereby enrich himself at the cost of the person, who has been using the name for a long time and has invested considerably in promoting that name and building the brand adopted by him. If a person attempts to gain riches by encashing upon the goodwill which the product of another person enjoys in the market, such attempts need to be curbed wherever the aggrieved party approaches the Court in this regard.

15. In *Mahendra and Mahendra Paper Mills Ltd. v. Mahindra and Mahindra Ltd.* 2002(24) PTC 121 (SC), the suit was filed by Mahendra and Mahendra against use of the words Mahindra and Mahindra Ltd. The contention of the Defendant before the Supreme Court was that there was no similarity of the goods manufactured or sold by the parties. Noticing that the name "Mahindra & Mahindra" had acquired a distinctiveness and a secondary meaning in the business and trade circles and people had come to associate the name "Mahindra" with a certain standard of goods and services, the Supreme Court was of the view that any attempt by another person to use that name in business and trade circles is likely to and in probability will create an impression of a connection with the plaintiffs' group of companies.

In *Montari Overseas Ltd. v. Montari Industries Ltd.* 1996 PTC 16, Supreme Court, inter alia, observed that while adopting a trade name, a person is required to act honestly and bona fide and not with a view to cash upon the goodwill and reputation of another. It was further observed that no company is entitled to carry on business in a manner so as to generate a belief that it is connected with the business of another company, firm or individual. It was also observed that copying of a trade name amounts to making a false representation to the public from which they need to be protected. The observations made by the Supreme Court would clearly apply when a well established corporate name or trademark of a large company is adopted by another person though not in respect of the same goods or services, when the trademark has become synonymous with the company and the members of the public expect any product bearing that trademark to be of a particular standard and quality.

16. The evidence produced by the plaintiff shows that Defendant No. 1 who is trading under the name and style of Defendant No. 2 was using the name Maxell before he started using the name Volvo for mixers, grinders, juicers and their parts. Since the Defendants have chosen not to contest the suit and continue to remain ex parte, the presumption is that they have no justification to offer for discarding the previous trademark and for using the mark Volvo with respect to

mixers, grinders and juicers manufactured by Defendant No. 1. It, therefore, appears to me that publication and use of the mark Volvo by Defendant No. 1 for the mixers, grinders and juicers being manufactured and sold by him was dishonest and he wanted only to encash upon the tremendous goodwill and reputation which has come to vest in the trademark Volvo, belonging to the plaintiffs. The name Volvo has no connection with the products being manufactured by Defendant No. 1 and, therefore, it will be difficult to deny that the purpose of Defendant No. 1 in using this mark for selling the products manufactured by him was to gain an unfair advantage by using the reputed and well established trademark of the plaintiff.

17. There is a strong probability that a consumer who comes across mixers, grinders and juicers being sold under the name Volvo assuming that these are the products being manufactured and/or sold by plaintiff companies which own the trademark Volvo and he may purchase the product manufactured by Defendant No. 1 on the assumption that coming from the plaintiff's company the products are likely to be of a superior quality. If the products manufactured by Defendant No. 1 and being sold by him under the name Volvo are not found to be of a superior quality or their quality is not found to be of the standard expected by the consumer from the plaintiff companies, that may affect the credibility and reputation of the plaintiff companies since the consumer may believe that the quality of the products being manufactured by the plaintiff companies has gone down.

18. The learned Counsel appearing for Defendant No. 1 very fairly states that Defendant No. 1 will not sell any product using the name Volvo or any other name which is similar to the name Volvo. He also fairly states that Defendant No. 1 will destroy whatever material bearing the name Volvo is in his possession and he will also recall the products which are still in the market and have not been sold and will change the mark on them from Volvo to some appropriate mark. He also states that Defendant No. 1 will withdraw the application No. 1304378, which is pending before trademark registry for registration of the trademark Volvo in his favour, in respect of mixer, grinder, juicer and their parts. His prayer is that since Defendant No. 1 is fully cooperating with the plaintiffs, no damages should be awarded against him though he would not really mind paying some token damages to satisfy the plaintiff companies.

19. Taking into consideration all the facts and circumstances of the case, including the fairness exhibited by Defendant No. 1, the suit is decreed to the extent that Defendant No. 1 is restrained from selling, distributing or marketing any product using the mark Volvo or any other mark which is similar to the mark Volvo of the plaintiff companies. He is further directed to withdraw application No. 1304378 pending before trademark registry within 30 days from today. He is also directed to destroy all the labels, packaging, cartels and trading literatures bearing the mark Volvo within 30 days from today and inform the plaintiff accordingly by registered post. He will also recall within 30 days, all the unsold

mixers, grinders, juicers and their parts bearing the mark Volvo and remove the mark Volvo from them before releasing them again in the market. He is also directed to pay Rs. 5,000/- as punitive damages to the plaintiffs within 30 days from today. In the facts and circumstances of the case, there shall be no order as to cost.

20. No relief can be granted the plaintiffs against Defendant No. 2 which is not a legal entity and is only a trade name adopted by Defendant No. 1. As far as Defendant No. 3 is concerned the case of the plaintiff is that products manufactured by Defendant No. 1 were being sold by it. However, the plaintiff has not disclosed the legal status of Defendant No. 3 to the Court. The plaint does not disclose whether Defendant No. 3 is a partnership firm and if so who are its partners. plaintiffs do not say that Defendant No. 3 is a proprietorship concern of Defendant No. 1 or some other person. Defendant No. 3 is not stated to be a society, an association or a company. Since the legal status of Defendant No. 3 has not been given by the plaintiff, no decree can be passed against it.

Decree sheet be prepared accordingly.