

(2014) 03 DEL CK 0118

In the Delhi High Court

Case No : CS (OS) No. 489 of 2013 and I.A. 4224 of 2013 and I.A. 12412 of 2013

Enterprise Holdings, Inc

APPELLANT

Vs

Enterprise Auto Rentals

RESPONDENT

Date of Decision : 11-03-2014

Acts Referred:

Civil Procedure Code, 1908 (CPC) — Order 39 Rule 1, Order 39 Rule 2, Order 39 Rule 4 151

Trade and Merchandise Marks Act, 1958 — Section 28 28(1) 29(1) 31 81

Trade Marks Act, 1999 — Section 134 2(1)(m) 2(zb) 21

Citation : (2014) 208 DLT 518 : (2014) 58 PTC 111

Hon'ble Judges : Manmohan Singh, J

Bench : Single Bench

Advocate : Sheetal Vohra and Mr. N. Mahabir, for the Appellant; Joseph Koshy and Mr. Vikas Thakur, for the Respondent

Judgement

Manmohan Singh, J.—The present suit has been filed by the plaintiff, Enterprise Holdings, Inc for permanent injunction, restraining infringement of trademark, copyright, passing off, damages, rendition of accounts, delivery up etc. against the defendant. Alongwith the suit, plaintiff also filed an application under Order 39 Rule 1 and 2 read with Section 151 CPC being I.A. 4224/2013. The suit alongwith said interim application was listed before court on 13th March, 2013. After hearing, detailed ex-parte order was passed against the defendant restraining it from offering vehicle rental and leasing services and any other related services under the trademark and trade name ENTERPRISE or ENTERPRIZE or any other deceptively similar mark to plaintiff's trade mark ENTERPRISE.

2. Upon service of interim order, the defendant filed its written statement and contested the prayer of interim order passed on 13th March, 2013. The defendant also filed an application under Order 39 Rule 4 for vacation of an ex-parte interim order being I.A. No. 12412/2013. By this order, I propose to decide

both pending applications. Issues were framed on 4th February, 2014 and the matter is now at the stage of evidence.

3. The case of the plaintiff:

(i) The plaintiff is a company incorporated under the laws of Missouri, USA and is the largest car service provider in the world measured by revenue, employees and fleet. The plaintiff adopted the mark ENTERPRISE in 1969 in USA for car rental and leasing services as a tribute to the World War II ship USS Enterprise on which the founder served. In 2008, the plaintiff had 1.1 million vehicles in its service. The plaintiff's service under the mark ENTERPRISE is used in Canada, U.K., Ireland and Germany for many decades and expanded to France, Spain, Italy and Portugal.

(ii) The plaintiff has been promoting and advertising the trade mark ENTERPRISE in India since 2007. To promote its trade mark, plaintiff initially entered into an agreement with Connect Worldwide International on 1st September, 2007 which was marketing ENTERPRISE to more than 1000 travel agents and tour operators all over India and subsequently with TAL Aviation (India) Private Limited in April, 2010 which has 12 branches in India where it openly advertises the mark ENTERPRISE.

(iii) The plaintiff's mark is enlisted in the IATA (International Air Transport Association) which has around 4200 travel agents from India and use plaintiff's mark ENTERPRISE. Plaintiff's website has received 5,45,477 during 2009 alone from Internet Service Providers based in India. People travelling from India, carrying Indian passport and Indian addresses have availed of plaintiffs services under the mark ENTERPRISE.

(iv) The plaintiff's mark ENTERPRISE is registered in India under registration number 1421152 in Class 39 for vehicle rental and leasing services. Another application for the mark ENTERPRISE has been advertised and the opposition period is over. The mark ENTERPRISE is registered for these services in many other countries.

(v) It is averred that the plaintiff commenced its service under the mark ENTERPRISE in Canada in 1995 and has fleet size of over 64,000 now with 440 branches. In UK, the plaintiff commenced its service under the mark ENTERPRISE in 1994 and has 340 branches. In Germany, the plaintiff commenced its services under the mark ENTERPRISE in 1997 and has 150 branches.

(vi) It is submitted in the plaint that the plaintiff has sales revenue of USD 15.4 billion in the year 2012. Plaintiff's services under the mark ENTERPRISE have received various international awards. The plaintiff's mark ENTERPRISE is therefore well known in India for vehicle rental and leasing services in view of the trans border reputation and also directing marketing in India since 2007. The plaintiff has also filed large number of documents in order to establish its

averments made in the plaint.

Case against the defendant as set up by the plaintiff

4. It is alleged that in October 2010, plaintiff first became aware of defendant from its website www.enterpriseautorentals.org and made a telephone call when the defendant assured that they will stop use of the mark ENTERPRISE. The plaintiff was surprised that in 2011, the defendant website was active, cease and desist notice was sent on 27th October, 2011. On receipt of the notice, the defendant shifted its office. The plaintiff traced the defendant and issued another notice on 6th January, 2012. The defendant by its letter dated 11th January, 2012 stated that they would respond but no response was received. On investigation on 9th January, it was found that defendant started using the mark ENTERPRISE also.

5. It is alleged that defendant is a partnership concern of Mr. Gulwant Singh and Mr. Sandeep Singh and the aforesaid two partners of defendant were earlier working for Avis, which is a direct competitor of the plaintiff in the same line of business of vehicle rental services. The aforesaid partners were thus, fully aware of the plaintiff and its reputation before commencing its services using the trade mark ENTERPRISE/ENTERPRIZE and the use by the defendant of the mark ENTERPRISE/ENTERPRIZE is with a view to exploit the tremendous and enviable goodwill and reputation that the plaintiff commands. The illegal and unauthorized use of the mark ENTERPRISE/ENTERPRIZE is calculated to deceive the public into believing that defendant's services and concern are those of the plaintiff's or are in some way connected or associated with the plaintiff.

6. It is submitted by the plaintiff that the adoption and use by the defendant of the trade mark ENTERPRISE, which is identical to and ENTERPRIZE, which is substantially similar to, plaintiff's registered trade mark ENTERPRISE in respect of identical services amounts to infringement of plaintiff's registered trademark and passing off.

7. The case of defendant in the written statement:

(i) The defendant has averred in his written statement that in light of Section 134 of the Trade Mark Act, 1957, the plaintiff has no place of business within the local jurisdiction limits of this court, hence this court has no territorial jurisdiction to entertain and try the present suit.

(ii) The application referred to by the plaintiff has been filed for the trademark E-ENTERPRISE under application No. 1421152 dated 14th February, 2006 which is registered. Further, as far as application No. 1421154 dated 14th February, 2006 applied for registration of the mark ENTERPRISE is concerned it is submitted that the same is not registered yet. It is submitted that throughout the suit they have used the trademark ENTERPRISE referring to the registration number of the registered trademark E-ENTERPRISE. The defendant's rectification petition is pending. The application filed by the plaintiff for registration before the Registrar

of Trade Mark, it was mentioned as "Proposed to be used". Thus, in the present case, the plaintiff can claim the user prior to the defendant who started using the mark ENTERPRISE since 2010 much earlier to the plaintiff. Therefore, the defendant is the prior user of the mark in India.

(iii) The mark ENTERPRISE is a generic, dictionary and descriptive word and not an invented word. As per Black Law Dictionary: ENTERPRISE-mean an organization or venture, esp. for business purpose. That the word ENTERPRISE is highly descriptive and conveys a meaning as per the Black Law dictionary. Such a generic word as ENTERPRISE cannot be appropriated and monopolized as a trade mark by a single entrepreneur. It is pertinent to mention that in class 39 itself there are more than 6 applications and registered marks bearing the word ENTERPRISE. Thus, the plaintiff is not entitled to protection of the said trade mark. The defendant is the honest and bonafide concurrent user of the trademark ENTERPRISE for car rental services in India and has acquired a reputation of its own in the market under the trademark ENTERPRISE. Therefore, no prima facie and balance of convenience is made out in favour of the plaintiff. In case, the interim order will continue, the defendant will suffer loss and injury.

8. In the reply to the written statement filed by the defendant, the plaintiff mainly took the following pleas:

(i) It was denied that the suit is barred by jurisdiction and it was stated that the defendant offers and provides services under the trade mark ENTERPRISE and ENTERPRIZE within the National Capital Territory region including Delhi.

(ii) It was denied that the suit was grossly overvalued by the plaintiff. It was stated that the plaintiff has suffered damages due to infringement and passing off of its trademark and trade name ENTERPRISE to the tune of at least Rs. 23 lacs besides the damage caused to plaintiff's reputation, name, goodwill and business.

(iii) It was stated that the word ENTERPRISE is dominant and prominent part of the registered mark "e ENTERPRISE" label in class 39 for vehicle rental and leasing services. It was denied that the word ENTERPRISE is generic and it was stated that on one hand defendant had stated that it had filed an application for registration of ENTERPRISE as a trademark in class 39, and on the other hand stated that the word "ENTERPRISE" does not have trademark significance and is generic.

(iv) It was denied that the defendant is prior user of the trademark ENTERPRISE/ENTERPRIZE and it was stated that the mark ENTERPRISE was first used by the plaintiff in the year 1969. Plaintiff further placed on record certain documents showing use of its mark in India for various years starting from 2004.

(v) It was stated that though the defendant in his application for registration of the mark ENTERPRISE has given the date of use as 17th March, 2010, in the rectification petition filed by the defendant to the plaintiff's trademark number

1421152, the defendant has stated that it is using its mark since decades and therefore, played a fraud on the Registrar of Trade Marks by giving wrong date of use.

9. Let me now consider the rival submissions of the parties.

Generic Name

10. In order to understand the arguments of the defendant, one has to examine the definition of the "mark" and the "trademark" under Sections 2(1)(m) and 2(zb) of the Trade Marks Act, 1999 together. In Section 2(1)(m), the meaning of the "mark" includes the name and word and/or any combination thereof. Similarly, as per Section 2(zb), the "trademark" means, if the same is used in relation to goods or services for the purposes of indicating or so as to indicate a connection in the course of trade between the goods or services, as the case may be, and some person having the right as proprietor to use the mark. In the present case, it is the admitted position that the essential feature of the mark ENTERPRISE is registered trademark in favour of the plaintiff.

11. In the case of Automatic Electric Limited Vs. R.K. Dgawan and Another, he aspect of generic mark has been extensively discussed in para 12-16 of the order, the same reads as under:

12. There is no dispute to the fact that the trade mark "DIMMERSTAT" of the plaintiff is registered in "PART-A" as is evident from the registration certificate dated 14.2.1957 in class "9" for variable auto transformers. The said trade mark exists in the registration book from the year 1957. The sale invoices placed on record indicate that the plaintiff has been carrying on the business of manufacturing and marketing and selling variable voltage auto transformers of their manufacture and sale in the trade name "DIMMERSTAT", immediately after obtaining registration thereto.

13. Section 28(1) of the Trade and Merchandise Marks Act provides that the registration of a trade mark in Part-A or Part-B of the register shall, if valid, give to the registered proprietor of the trade mark the exclusive right to the use of the trade mark in relation to the goods in respect of which the trade mark is registered. Section 29(1) provides that a registered trade mark is infringed by a person who, not being the registered proprietor of the trade mark or a registered user thereof uses in the course of a trade mark which is identical with or deceptively similar to the trade mark in relation to any goods in respect of which the trade mark is registered. Thus, the right of exclusive use of the registered trade mark which is conferred u/s 28(1) of the Trade and Merchandise Marks Act shall stand infringed by use of an identical or deceptively similar trade mark also.

14. The trade mark "DIMMER DOT" of the defendants is admittedly not a registered trade mark although the own documents of the defendants placed on record indicates that they are using the trade mark "DIMMER DOT" as a registered trade mark in advertisements, invoices and pamphlets. Such act on

the part of the defendants of indicating that their product under the trade mark "DIMMER DOT" as registered amounts to commission of offence u/s 81 of the Act. No application has also been filed by the defendants before the Registrar for cancellation of the registration of the trade mark "DIMMERSTAT" adopted by the plaintiff and granted as far back as 1957. These two are very vital issues and speak volume against the defendants. Counsel for the defendants, however, tried to overcome the aforesaid shortcomings by submitting that the word "DIMMER" being a generic and descriptive word in the context of auto variable transformers, no trader could monopolise the use of the said word in relation to auto variable transformers. The aforesaid submission, therefore, is to be scrutinised in the context of the facts and circumstances of the case.

15. The trade mark "DIMMERSTAT" is registered without any disclaimer to the exclusive use of the word "DIMMER" which is part of the composite trade mark "DIMMERSTAT". The whole of the trade mark as registered including the word DIMMER is subject matter of monopolistic right of exclusive use conferred by the Statute upon the plaintiff u/s 28(1). The validity of the registration of "DIMMERSTAT" cannot be challenged by the defendants in a proceeding like this for the defendants have a remedy to file cancellation of the registration in an appropriate forum. But, the said remedy has not been resorted to by the defendants till date. The object or the good involved herein is a variable auto transformer. The word "DIMMER" as is understood in the common parlance and as stated in dictionary is connected with an arrangement for regulating the supply of the electricity, but, the product here is not a DIMMER, but, a variable transformer. Auto transformers have several applications including voltage and current control in experimental and development work in laboratories and R & D departments testing and calibration of indicating instruments etc. Thus variable auto transformers cannot be strictly called a "DIMMER" and both are not interchangeable for auto transformer has many other functions. The decision of the Supreme Court in J.R. Kapoor (supra) is also thus distinguishable on facts, for in that case micro-chip technology was the base for both the products which is not the case of the goods in hand.

16. The defendants got their trade mark "DIMMER DOT" registered in Australia. The fact that the defendant itself has sought to claim trade proprietary right and monopoly in "DIMMER DOT", it does not lie in their mouth to say that the word "DIMMER" is a generic expression. User of the word "DIMMER" by others cannot be a defence available to the defendants, if it could be shown that the same is being used in violation of the statutory right of the plaintiff. In this connection, reference may be made to the decision of this Court in Prakash Roadline Ltd. Vs. Prakash Parcel Service (P) Ltd., Reference may also be made to the decision in P.M. Diesels Vs. S.M. Diesels, . It was held in those decision that if the plaintiff is a proprietor of the registered trade mark, the same gives to the proprietor of the registered trade mark the exclusive right to use the trade mark with relation to goods in respect of which the trade mark is registered under the provisions of Section 28 of the Trade and Merchandise Marks Act.

In view of the above, the plea raised by the defendant at this interim stage cannot be accepted being a registered trademark in favour of the plaintiff.

Infringement

12. It is settled law that in order to prove the case for infringement of trade mark, the plaintiff has to show that the essential features of the registered trade mark which has been adopted by the defendant has been taken out from the plaintiff's registration. Only the marks are to be compared by the Court and in case the registration is granted in favour of the plaintiff, he acquires valuable right by reason of the said registration.

13. The test of comparison of the marks side by side is not a sound one since a purchaser will seldom have the two marks actually before him when he makes his purchase. The eye is not an accurate recorder of visual detail and that marks are remembered rather by general impression or by some significant detail than by any photographic recollection of the whole. While judging the question as to whether the defendant has infringed the trade mark by colourable imitation of the mark or not, the Court has to consider the overall impression of the mark in the minds of general public and not by merely comparing the dissimilarities in the two marks.

14. In *K.R. Chinna Krishna Chettiar Vs. Shri Ambal and Co., Madras and Another*, the Supreme Court held that ocular comparison is not always the decisive test. Resemblance between the two marks must be considered with reference to the ear as well as to the eye. In this case, the Registrar held that the sound of "AMBAL" does not so nearly resemble the sound of "ANDAL" in spite of certain letters being common to both the marks, as to be likely to cause confusion or deception. The Registrar thus found that the marks were not deceptively similar. But on appeal both the Single Judge and Division Bench found deceptive similarity. The Supreme Court, dismissed the appeal, and held that there was a striking similarity and affinity of sound between the word "Andal" and "Ambal" and held that there was a real danger of confusion between the two marks.

15. The following are the judgments are relevant to be referred to for the purpose of grant of relief in the cases of infringement of the trade marks:

i. *Kaviraj Pandit Durga Dutt Sharma Vs. Navaratna Pharmaceutical Laboratories, ,* it was held in Para 28 that:

28. The other ground of objection that the findings are inconsistent really proceeds on an error in appreciating the basic differences between the causes of action and right to relief in suits for passing off and for infringement of a registered trade mark and in equating the essentials of a passing off action with those in respect of an action complaining of an infringement of a registered trade mark. We have already pointed out that the suit by the respondent complained both of an invasion of a statutory right under s. 21 in respect of a registered trade mark and also of a passing off by the use of the same make. The finding in

favour of the appellant to which the learned Counsel drew our attention was based upon dissimilarity of the packing in which the goods of the two parties were vended, the difference in the physical appearance of the two packets by reason of the variation in their colour and other features and their general get-up together with the circumstance that the name and address of the manufactory of the appellant was prominently displayed on his packets and these features were all set out for negating the respondent's claim that the appellant had passed off his goods as those of the respondent. These matters which are of the essence of the cause of action for relief on the ground of passing off play but a limited role in an action for infringement of a registered trade mark by the registered proprietor who has a statutory right to that mark and who has a statutory remedy in the event of the use by another of that mark or a colourable limitation thereof. While an action for passing off is a Common Law remedy being in substance an action for deceit, that is, a passing off by a person of his own goods as those of another, that is not the gist of an action for infringement. The action for infringement is a statutory remedy conferred on the registered proprietor of a registered trade mark for the vindication of the exclusive right to the use of the trade mark in relation to those goods (Vide s. 21 of the Act). The use by the defendant of the trade mark of the plaintiff is not essential in an action for passing off, but is the sine qua non in the case of an action for infringement. No doubt, where the evidence in respect of passing off consists merely of the colourable use of a registered trade mark, the essential features of both the actions might coincide in the sense that what would be a colourable limitation of a trade mark in a passing off action would also be such in an action for infringement of the same trade mark. But there the correspondence between the two ceases. In an action for infringement, the plaintiff must, no doubt, make out that use of the defendant's mark is likely to deceive, but were the similarity between the plaintiff's and the defendant's mark is so close either visually, phonetically or otherwise and the court reaches the conclusion that there is an limitation, no further evidence is required to establish that the plaintiff's rights are violated. Expressed in another way, if the essential features of the trade mark of the plaintiff have been adopted by the defendant, the fact that the get-up, packing and other writing or marks on the goods or on the packets in which he offers his goods for sale show marked differences, or indicate clearly a trade origin different from that of the registered proprietor of the make would be immaterial; whereas in the case of passing off, the defendant may escape liability if he can show that the added matter is sufficient to distinguish his goods from those of the plaintiff.

ii. In the case of American Home Products Corporation Vs. Mac Laboratories Pvt. Ltd. and Another, it was held as under:

When a person gets his trade mark registered, he acquires valuable rights by reason of such registration. Registration of his trade mark give him the exclusive right to the use of the trade mark in connection with the goods in respect of which it is registered and if there is any invasion of this right by any other person

using a mark which is the same or deceptively similar to his trade mark, he can protect his trade mark by an action for infringement in which he can obtain injunction....

iii. In the case of National Bell Co. and Gupta Industrial Corporation Vs. Metal Goods Mfg. Co. (P) Ltd. and Another, 3 it was held as under:

On registration of a trade mark the registered proprietor gets u/s 28 the exclusive right to the use of such trade marks in relation to the goods in respect of which the trade mark is registered and to obtain relief in respect of any infringement of such trade mark.

iv. M/s. Avis International Ltd. Vs. M/s. Avi Footwear Industries and another, the relevant paras of which read as under:

14. At this stage of the case, we have no affidavit against another affidavit, and in view of the statutory provisions of Ss. 28 and 31 of the Trade and Merchandise Marks Act, it would be appropriate to rely upon contentions of the plaintiffs.

15. It is apparent that the word AEVI is not a commonly used word. The word is not in a dictionary. Its adoption by the defendants, therefore, needed to be explained, which the defendants have not explained in the pleadings before the Court.

16. Phonetically the word AVIS, which is registered mark for footwear, and the word AEVI'S have to be pronounced identically. The business name of the defendants is known as AVI Footwear Industries. Prima facie, if it was the intention of the defendants by affixing the label AEVI'S on the footwear made by them was to indicate that the footwear carrying that label is made by the AVI Footwear Industries, then the mark they would have adopted would have been AVI, but that they have not done. They have tried to bring their mark/label as close as possible phonetically to the registered mark AVIS.

17. In my view, the statutory monopoly which has been conferred upon the plaintiffs in connection with use of the mark AVIS for any other consideration in relation to grant or non-grant of an injunction, especially when the matter is at an interlocutory state, and is yet to be tried, and it cannot be foreseen as to whether the defendants who seek rectification of the plaintiffs mark, on account of nonuser would be able to prove their case. The statutory registration establishes prima facie case in favour of the plaintiffs.

18. In this view of the matter, I think that the balance of convenience would be in favour of the plaintiffs, to ensure that by concurrent user, during the period of the trial, no other rights come into existence. In my view, it is very convenient, if the defendants are so minded, to adopt any other label that establishes a connection in the course of trade with respect to the footwear manufactured by them.

In view of the above said facts and circumstances, it is held that two marks

ENTERPRISE and ENTERPRIZE visually, phonetically and structurally are deceptively similar. The use of the trade mark ENTERPRISE/ENTERPRIZE by the defendant amounts to infringement of trade mark of the plaintiff. In case the defendant is allowed to use the deceptively similar trade mark, there would be confusion and deception.

Goodwill and reputation in India by the plaintiff in an action for passing off

16. Infringement of a registered trademark is caused by the use of the mark which is identical or nearly resembling to that of registered trademark in respect of the same, similar or different goods in terms of provisions of Trade Marks Act, 1999 (hereinafter referred to as "the Act"). In that sense, the remedy of infringement is statutorily conferred upon the registered proprietor. On the other hand, passing off action is an action in common law which is essentially the protection of goodwill and reputation which the person has created by virtue of carrying out of business activities under a particular name and style or under a brand name for that matter and the said action is an action in deceit which is to prevent any misrepresentation caused amongst public. The said misrepresentation may be in the form of innocent representation or deliberate representation which is immaterial in the case of passing off. The fundamental difference that passing off is an action which essentially protects goodwill and not the unregistered trademark has been explained in the case of *Star Industrial Co. Ltd. v. Yap Kwee Kor* [1976] FS PLR 256 decided by Privy Council comprising Lord Diplock in his speech wherein it has been observed that passing off is an action which is to preserve the goodwill of a person and not aimed at to protect an unregistered trademark. In the words of Lord Diplock, it has been observed as under:-

Whatever doubts there may have previously been as to the legal nature of the rights which were entitled to protection by an action for "passing off" in courts of law or equity, these were laid to rest more than 60 years ago by the speech of Lord Parker of the Waddington in *A.G. Spalding & Bros. v. A.W. Gamage Ltd.* (1915) 32 R.P.C. 273 ("the Gamage Case") with which the other members of the House of Lords agreed. A passing off action is a remedy for the invasion of a right of property not in the mark, name or get up improperly used, but in the business or goodwill likely to be injured by the misrepresentation made by passing-off one person's goods as the goods of another. Goodwill, as the subject of proprietary rights, is incapable of subsisting by itself. It has no independent existence apart from the business to which it is attached. It is local in character and divisible; if the business is carried on in several countries a separate goodwill attaches to it in each. So when the business is carried abandoned in one country in which it is acquired a goodwill the goodwill in that country perishes with it although the business may continue to be carried on in other countries. Once the Hong Kong Company had abandoned that part of its former business that consisted in manufacturing toothbrushes for export to and sale in Singapore it ceased to have any proprietary rights in Singapore which was entitled to

protection in any action for passing-off brought in the courts of that country.

17. From the reading of the said observation of Lord Diplock's speech, it is clear that the gist of passing action is goodwill and reputation which is sought to be protected and thereby misrepresentation is prevented in the course of trade. It is altogether different matter that misrepresentation may include the use of mark in the course of trade and ultimate effect of passing off action in most of the cases is protection of the trademark anyway, but the heart and soul of the passing off action has always been protection of goodwill and reputation aimed at to prevent misrepresentation. The gist of passing off action has been explained by Lord Diplock in yet another judgment of *Erven Warnink v. J. Townend & Sons (Hull) Ltd.* [1980] RPC 31 wherein Lord Diplock has laid down five essential elements which are necessary to be proven as jurisdictional facts for the purposes of establishing the tort of passing off. The said five ingredients are as under:-

- (1) A misrepresentation
- (2) Made by a trader in the course of trade
- (3) To his prospective customers
- (4) Which is calculated to injure the business or goodwill of another trader and
- (5) Which causes actual damage to a business or goodwill of trader by whom the action is brought?

18. One of the essential ingredients is goodwill. The classic case of passing off as it existed since its genesis always insist the existence of goodwill of a merchant in order to give him a locally enforceable right to sue for passing off. This has been explained by Kerly's in his book called *Law of Trade Marks and Trade Names* (Fourteenth Edition) (South Asian Edition 2007), wherein the concept of goodwill has always been categorized as local in character and the learned author observed thus:-

since an essential ingredient of passing off is damage (or prospective damage) to goodwill, he (the Plaintiff) must show that he had, at the date when the Defendants started up, in this country not merely a reputation but a goodwill capable of being damaged. Goodwill, however, is local; it is situated where the business is. Thus a foreign claimant may have a reputation in this country-from travellers or periodicals of international circulation or, increasingly, from exposure on the Internet-yet still fail in an action for passing off because he has here no business and so no goodwill. Such cases have been not uncommon in recent years, and have caused considerable difficulty. Where there is a substantial reputation here, our courts will often accept minimal evidence that a business exists here, but there has to be some.

19. This concept of goodwill and the insistence of localized business has been traditional concept of passing off which sometimes is called as classic case of

passing off. However, this concept of passing off has undergone changes due to advent of technology and modernization. For the said reason the tendency to insist localized goodwill has been transformed into proving reputation of a global character. All this would mean that courts entertaining the case of passing off can discount the localized existence of goodwill and the business in the territory specific if the substantial nature of reputation has been proved which has some kind of nexus in the territory where the protection is sought and the said concept in the modern language is called trans-border reputation whereas the goodwill is always local in character, the concept of reputation is dynamic and is all encompassing. The reputation of a person can transcend boundaries by virtue of its advertisement in the newspapers, media circulation, expatriate reputation due to cultural akin ness and all other relevant factors which connect one countries business with that of another. This has been aptly explained by the Division Bench of Delhi High Court in the case of N.R. Dongre and Others Vs. Whirlpool Corporation and Another, wherein the S. Jagannath Rao, J. speaking for the Bench has approved the concept of trans-border reputation in the following words:-

(25) Thus a product and its trade name transcend the physical boundaries of a geographical region and acquire a trans border or overseas or extraterritorial reputation not only through import of goods but also by its advertisement. The knowledge and the awareness of the goods of a foreign trade and its trade mark can be available at a place where goods are not being marketed and consequently not being used. The manner in which or the source from which the knowledge has been acquired is immaterial.

20. The said judgment of Whirlpool [supra] has been approved by the Hon"ble Supreme Court of India in the case of N.R. Dongre and Others Vs. Whirlpool Corp'n. and Another, wherein J.S. Verma, J. speaking for the Bench again reiterated the exposition of law laid down by the Division Bench of Delhi High Court. This exposition of 1996 in the case of Whirlpool [supra] has been further revisited by the courts in India more importantly in the case of Allergan Inc Vs. Milment Oftho Industries and Others, wherein Ruma Pal, J. has carefully analyzed the interplay between the goodwill and reputation in a case of passing off action and has laid down that the courts in India have followed the third approach which is a middle path wherein strict insistence of localized business is not necessary. However, reputation which is sought to be protected has to be substantial one having global character. The observation made by Hon"ble Judge is as under:-

13. Reputation is the connection that the public makes between a particular product or service and a particular source which may or may not be known. Some Courts have held that reputation which is built up on the basis of trade within the country is entitled to protection from passing off. Others Court have made some concession to the communication explosion and held that if the plaintiff has a reputation in another country, his right to the mark will be

protected if it is coupled with some actual or proposed business activity within the country (See *Alain Beniardin et Cie v. Pavilion Properties*, (1967) RFC 581; *Amway Corporation. v. Eurway Int. Ltd.* (1974) RFC 82. "Still other Courts have held that with the increase in international commerce, mass media communications and the frequency of the foreign travel, political and geographic boundaries do not stem the exchange of ideas and instant information. Local business is not an essential ingredient of a passing off action. However, the reputation must be well established or a known one See: *Panhard et Levassor v. Panhard Motor Co. Ltd.*, (1901) 18 RPC 405; *Sheraton Corpn. v. Sheraton Motels*, (1964) RPC 202; *Orkin Exterminating Co. Tnd. v. Pest Co. of Canada* (1985) 5 CPR 433; *Vitamins L. D.'s Application for Trademark*, 1956 (1) RPC 1. The decisions which reflect the first and second view have so held for reasons which are partly historic, partly geographic and partly because reputation was equated with goodwill. Goodwill has been defined as the benefit derived from reputation. It is not the reputation required to found a passing off action. The law of passing off is not trammled by definitions of goodwill developed in the field of revenue law [per Hockhart J., *Conagra Inc. v. McCain Foods (Aust) P. Ltd.*, 1993 (23) IPR 193 231]. It is an asset of a business assessable in terms of money and transferable (See *IRC v. Muller*, (1901) AC 217, *Trego v. Hunt* (1896) AC 7; *ITC v. B.C. Srinivas Shetty*). In my opinion reputation framing the basis of a passing off action need not be so localised. Whatever the compulsion for the Courts taking the first or second view in other countries, as far as this country is concerned, Courts in India prescribe to the third view and have held that a plaintiff with a reputation which is established internationally can sue to protect it in this country even if it does not have any business activity here. In other words reputation of a product may precede its introduction and may exist without trade in such product in the country. See *M/s. J.N. Nichols (Vimto) Limited Vs. Rose and Thistle* and another, *Calvin Klein Inc. Vs. International Apparel Syndicate* ; *Conagra Inc. v. McCain Foods* (Supra) at p. 133.

21. The said judgment passed in the case of *Milment* [supra] passed by Division Bench of Kolkata High Court has been further approved by Hon"ble Supreme Court of India in the case of *Milmet Oftho Industries and Others Vs. Allergan Inc.*, presided by S.N. Variava, J. wherein the Supreme court has laid down that:

It must also be remembered that nowadays goods are widely advertised in newspapers, periodicals, magazines and other media which is available in the country. This results in a product acquiring a worldwide reputation. Thus, if a mark in respect of a drug is associated with the Respondents worldwide it would lead to an anomalous situation if an identical mark in respect of a similar drug is allowed to be sold in India. However one note of caution must be expressed. Multinational corporations, who have no intention of coming to India or introducing their product in India should not be allowed to throttle an Indian Company by not permitting it to sell a product in India, if the Indian Company has genuinely adopted the mark and developed the product and is first in the market. Thus the ultimate test should be who is first in the market.

It was further observed on the facts of the case as under:

(9) In the present case, the marks are the same. They are in respect of pharmaceutical products. The mere fact that the Respondents have not been using the mark in India would be irrelevant if they were first in the world market. The Division bench had relied upon material which prima facie shows that the Respondents product was advertised before the Appellants entered the field. On the basis of that material the Division Bench has concluded that the Respondents were first to adopt the mark. If that be so then no fault can be found with the conclusion drawn by the Division Bench.

22. The overall effect of the said judgment was pretty clear that the courts in India have started recognizing the global character of the brand names and have started giving them protection merely on the basis of global nature of reputation without insisting any localized business which was significant departure from the classic trinity laid down by Lord Diplock in the case of Erven Warnink (Supra). The position of law uptill Milment has been followed that the courts in India by placing reliance on the said decision have proceeded to grant interim orders to the multi-nationals having their brands which are of global character and prevented the misuse of the said brands by protecting trans-border reputation subject to fulfilling of essential characteristics necessary to prove trans-border reputation. The decision in the case of Milment was also rendered in the year 2004 when the impact of internet, e-commerce, social media was yet to be seen and realized.

23. Recently, on 24th January, 2014, this Court has rendered a decision in the case of Cadbury UK Limited & Anr. vs. Lotted India Corporation Ltd., reported in 2014 (57) PTC 422 (Delhi) wherein the decision of law relating to trans-border reputation has been further strengthened and has been taken to another level wherein the court has not merely relied upon the decision of Milment (Supra) and Whirlpool (Supra) but has also extended the principle of trans-border reputation by observing that the existence of a merchant on web pages which are of foreign origin and social media are sufficient to show the trans-border nature of reputation without having any activity in India at the relevant time. Though it is very broad extension of the concept of trans-border reputation, but it is a question of fact in each case as to how the internet documents are sufficient to show the global character of the trademark and the reputation attached to the same. The impact of the said decision which has been given very recently is yet to be seen and analyzed by the other courts in India in the upcoming times. Effectively, the concept of trans-border reputation and goodwill is interesting in academic sense. However, due to advent of internet media, international travel, the insistence on the localized business as well as trans-border reputation is nowadays more or less dealt with in a kind of presumptive approach rather than by actual establishment of the same. As the international businesses grow and proximity between the markets would increase, over the time this concept will become weaker and on one good day world will be treated as one market.

24. In para 33 of the said decision, Dr. S. Murlidhar, J. has summarized the following principles:

Legal principles summarized

33. The position, therefore, that emerges from the above case law is:

(a) The concept of goodwill is derived from reputation but the reputation need not be necessarily a local reputation. It can even be a spill over in India of the international reputation enjoyed by the Plaintiff's mark.

(b) It is not necessary for the Plaintiff to actually show the presence of or sale of its products in India as long as it is able to establish that it enjoys a spill over reputation in India. In other words, the reputation of a product may precede its introduction and may exist without trade of the product in the country.

(c) The proof of reputation can be in the form of advertisements in the media and general awareness which in the modern day context would include advertisements or display on the internet and social media. The reputation must be shown to exist at the time the Defendant enters the market.

(d) A mechanical incantation of reputation is not sufficient. There must be some material that the product is known to the Indian consumer. The material will be scrutinised by the Court from many relevant perspectives including the class of consumers likely to buy the product (See the decision dated 15th March 2010 of this Court in CS (OS) 626 of 2006 Roca Sanitario S.A. v. Naresh Kumar Gupta).

(e) Although in the internationalisation of trade there could be a possible confusion with the domestic trader bona fide adopting business names similar to names legitimately used elsewhere, a dishonest adoption or use of a mark similar to one having a reputation in the market, with a view to causing deception or confusion in the mind of the average consumer, may invite an injunction, including the class of consumers likely to buy the product (See the decision dated 15th March 2010 of this Court in CS (OS) 626 of 2006 Roca Sanitario S.A. v. Naresh Kumar Gupta).

(e) Although in the internationalisation of trade there could be a possible confusion with the domestic trader bona fide adopting business names similar to names legitimately used elsewhere, a dishonest adoption or use of a mark similar to one having a reputation in the market, with a view to causing deception or confusion in the mind of the average consumer, may invite an injunction.

25. In the present case, there is prima facie evidence available on record to show that the plaintiff has a user of the mark ENTERPRISE which has acquired goodwill and reputation in various countries of the world including India. Thus, there is no force in the submission of the defendant that plaintiff has no use in India.

26. The test of confusion and deception in order to prove the case of passing off has been very well discussed in the case of Laxmikant V. Patel vs. Chetanbhai

Shah And Another, a judgment delivered by the Supreme Court, reported in Laxmikant V. Patel Vs. Chetanbhat Shah and Another, wherein the Apex Court while considering a plea of passing off and grant of ad interim injunction held in no uncertain terms that a person may sell his goods or deliver his services under a trading name or style which, with the passage of time, may acquire a reputation or goodwill and may become a property to be protected by the Courts. It was held that a competitor initiating sale of goods or services in the same name or by imitating that name causes injury to the business of one who has the property in that name. It was held that honesty and fair play are and ought to be the basic policy in the world of business and when a person adopts or intends to adopt a name which already belongs to someone else, it results in confusion, has the propensity of diverting the customers and clients of someone else to himself and thereby resulting in injury. It was held that the principles which apply to trade mark are applicable to trade name also.

Relevant para 10 of the aforesaid judgment reads as under:-

The law does not permit any one to carry on his business in such a way as would persuade the customers or clients in believing that his goods or services belonging to someone else are his or are associated therewith. It does not matter whether the latter person does so fraudulently or otherwise. The reasons are two. Firstly, honesty and fair play are, and ought to be, the basic policies in the world of business. Secondly, when a person adopts or intends to adopt a name in connection with his business or services which already belongs to someone else it results in confusion and has propensity of diverting the customers and clients of someone else to himself and thereby resulting in injury.

In this case, the Apex Court further observed that:

Where there is probability of confusion in business, an injunction will be granted even though the defendants adopted the name innocently.

In another case of passing off, a Division Bench of this Court in the case of B.K. Engineering Co. Vs. Ubhi Enterprises (Registered) and Another, inter alia it is held that trading must not only be honest but must not even unintentionally be unfair.

Thus, it appears to the Court that the plaintiff has made a strong case of passing off in its favour. In case the defendant is allowed to use the similar name, it would amount to passing off his business and services as that of the plaintiff. No justification has been given by the defendant to use similar name. It appears that the defendant was aware about the name, goodwill and reputation of the plaintiff's name ENTERPRISE at the time of its adoption. Thus, such user by the defendant is tainted and dishonest.

Territorial Jurisdiction

27. In the present case, the plaintiff has invoked the jurisdiction of this Court in Para 29 of the plaint which reads as under:

29. That the Defendant offers and provides its services under the trade mark ENTERPRISE and ENTERPRIZE within the National Capital Territory region including Delhi. The Defendant thus carries on its business within the territory of this Hon"ble Court under the mark ENTERPRISE and ENTERPRIZE. Hence this Hon"ble court has jurisdiction to entertain and try the present suit.

28. The plaintiff has also filed prima facie evidence in the form of invoice no. 4423 dated 10th January 2012 which shows that the defendant is carrying on its business activities in Delhi and so this Court has territorial jurisdiction to entertain this suit.

29. In Exphar SA and Another Vs. Eupharma Laboratories Ltd. and Another, , the Supreme Court has held that when an objection to jurisdiction is raised, the Court can proceed on the basis that the facts as pleaded by the initiator of the impugned proceedings are correct.

30. In view of the settled law, prima facie this Court finds that this Court has got the territorial jurisdiction. However, issue of jurisdiction has to be decided after framing of issues when the matter is taken for final disposal of the suit. The said issue is thus kept open.

Common to the Trade

31. The case of the defendant in the written statement is that the mark ENTERPRISE/ENTERPRIZE is common to the trade and there are many companies who have been using the mark ENTERPRISE/ENTERPRIZE as part of their corporate names or the firm names. No cogent evidence has been produced by the defendant in order to show third party user.

32. Law of publici juris has been discussed in various cases and the Courts have given their respective findings to the effect that a party who has taken the defence of publici juris has to prove his case. The same has been dealt with by this Court and Calcutta High Court in the following cases:

a) Rolex Sa Vs. Alex Jewellery Pvt. Ltd. and Others,

22. The next aspect to be considered is the effect/impact, if any, of a large number of other persons using the word ROLEX as claimed by the defendant. At this stage, this plea will be examined believing the same to be true. In my view, the same would be immaterial. Firstly, nothing has been shown that any of the said users has any significant presence. Secondly, it is now well settled in Honda (supra) in turn relying upon Indian Shaving Products Ltd. Vs Gift Pack that merely because the plaintiff who is otherwise found entitled to the interim injunction is shown to have not taken any step against other infringers is no ground to deny relief to the plaintiff. It cannot also be said that the plaintiff's trademark has lost its distinctiveness for the said reason. The reply affidavit of the plaintiff lists the orders of the Trade Mark Registry from 1964 to 2000, where plaintiff's mark has been protected inter alia for reason of having great reputation. It also shows that the plaintiff has been enforcing its rights. Though

the list filed by defendant No. 1 in this regard is long but a perusal thereof shows a number of applicants to have abandoned or withdrawn their applications. This is a vast country. Mere long list of applicants/registrants of mark, without any extensive use of the mark, cannot dent the distinctive character or repute of the mark.

b) In Express Bottlers Services Private Ltd. Vs. PepsiCo Inc. and Others, it has been held as under.

50.To establish the plea of common use, the use by other persons should be shown to be substantial. In the present case, there is no evidence regarding the extent of the trade carried on by the alleged infringers or their respective position in the trade. If the proprietor of the mark is expected to pursue each and every insignificant infringer to save his mark, the business will come to a standstill. Because there may be occasion when the malicious persons, just to harass the proprietor may use his mark by way of pinpricks.... The mere use of the name is irrelevant because a registered proprietor is not expected to go on filing suits or proceedings against infringers who are of no consequence... Mere delay in taking action against the infringers is not sufficient to hold that the registered proprietor has lost the mark intentionally unless it is positively proved that delay was due to intentional abandonment of the right over the registered mark. This court is inclined to accept the submissions of the respondent No. 1 on this point...The respondent No. 1 did not lose its mark by not proceeding against insignificant infringers...

Delay

33. The case of the defendant is that the defendant has been using the mark ENTERPRISE since 2010. It is the admitted position that the issue of delay is not fatal in an action for infringement of trademark. It is also pertinent to mention that before the filing of this suit, notice was issued by the plaintiff to the defendant not to infringe his right. However the defendant continued to use the mark ENTERPRISE. Such use by the defendant was considered to be a use on its own peril and risk. It is also interesting to note that the defendant is carrying on business with a competitor of the plaintiff.

34. It has been held in many cases that such statutory right cannot be lost merely on the question of principles of delay, laches or acquiescence. It was also held that in general mere delay after knowledge of infringement does not deprive the registered proprietor of a trade mark of his statutory rights or of the appropriate remedy for the enforcement of those rights so long as the said delay is not an inordinate delay. The ratio of the aforesaid decisions are squarely applicable to the facts of the present case. Thus, injunction cannot be refused under these circumstances.

35. The issue of delay and acquiescence has been considered by Courts in various matters. Some of them are referred to as under:

a) In the case of Midas Hygiene Industries P. Ltd. and Another Vs. Sudhir Bhatia and Others, relevant para-5 of the said judgment is as under:

5. The law on the subject is well settled. In cases of infringement either of Trade Mark or of Copyright normally an injunction must follow. Mere delay in bringing action is not sufficient to defeat grant of injunction in such cases. The grant of injunction also becomes necessary if it prima facie appears that the adoption of the Mark was itself dishonest.

b) In the case of Swaran Singh Vs. Usha Industries (India) and Another, it was held as under:

There is then the question of delay. Learned counsel for the respondents had urged that the delay is fatal to the grant of an injunction. We are not so satisfied. A delay in the matter of seeking an injunction may be a ground for refusing an injunction in certain circumstances. In the present case, we are dealing with a statutory right based on the provisions of the trade and Merchandise Marks Act, 1958. An exclusive right is granted by the registration to the holder of a registered trade mark. We do not think statutory rights can be lost by delay. The effect of a registered mark is so clearly defined in the statute as to be not capable of being misunderstood. Even if there is some delay, the exclusive right cannot be lost. The registered mark cannot be reduced to a nullity.....

c) In the case of Hindustan Pencils (P) Ltd. Vs. India Stationery Products Co. and Another, it was held as under:

..... It was observed by Romer, J. in the matter of an application brought by J.R. Parkinson and Co. Ltd., (1946) 63 RPC 171 at page 181 that "in my judgment, the circumstances which attend the adoption of a trade mark in the first instance are of considerable importance when one comes to consider whether the use of that mark has or has not been a honest user. If the user in its inception was tainted it would be difficult in most cases to purify it subsequently". It was further noted by the learned Judge in that case that he could not regard the discreditable origin of the user as cleansed by the subsequent history.

d) In the case of M/s. Bengal Waterproof Limited Vs. M/s. Bombay Waterproof Manufacturing Company and Another, it was held as under:

20.....It is now well settled that an action for passing off is a common law remedy being an action in substance of deceit under the Law of Torts. Wherever and whenever fresh deceitful act is committed the person deceived would naturally have a fresh cause of action in his favour. Thus every time when a person passes off his goods as those of another he commits the act of such deceit. Similarly whenever and wherever a person commits breach of a registered trade mark of another he commits a recurring act of breach or infringement of such trade mark giving a recurring and fresh cause of action at each time of such infringement to the party aggrieved. It is difficult to agree how

in such a case when in historical past earlier suit was disposed of as technically not maintainable in absence of proper relief, for all times to come in future defendant of such a suit should be armed with a license to go on committing fresh acts of infringement and passing off with impunity without being subjected to any legal action against such future acts.

36. No other arguments are addressed by the defendant's counsel.

37. Considering the overall facts and circumstances of the case, the defendant, its servants, agents and all other persons acting on their behalf are restrained from using the trademark ENTERPRISE/ENTERPRIZE in relation to the business of offering vehicles rental and learning services and any related services under the said name or in any manner whatsoever in order to create the confusion and deception and infringing the trademark of the plaintiff.

38. The application is accordingly allowed and disposed of. The defendant's application under Order 39 Rule 4 read with Section 151 CPC being I.A. No. 12412/13 is dismissed. The findings given in these applications are tentative and shall have no bearing when the suit is decided on merit after recording the evidence of the parties.

39. No costs.

CS(OS) No. 489/2013

40. The plaintiff shall produce evidence by way of affidavit within 6 weeks. Parties shall file list of witnesses within 4 weeks from today. List the matter before the Joint Registrar on 30th May, 2014.