

(2015) 11 DEL CK 0057

In the Delhi High Court

Case No : I.A. No. 5018/2013 in CS(OS) No. 573/2013

Innovolt Inc.

APPELLANT

Vs

Kevin Power Solutions Ltd.

RESPONDENT

Date of Decision : 23-11-2015

Acts Referred:

Trade and Merchandise Marks Act, 1958 — Section 27, 29, 30(1)(b)

Citation : (2016) 1 MIPR 63 : (2015) 64 PTC 571

Hon'ble Judges : Manmohan Singh, J.

Bench : Single Bench

Advocate : Sudhanshu Batra, Senior Advocate, Amitabh Sen, Malyashree Sridharan and Shailesh Rana, Advocates, for the Appellant; Shailen Bhatia, Amit Jain and Priti, Advocates, for the Respondent

Judgement

Manmohan Singh, J.—The plaintiff has filed the suit for passing off on the basis of prior user and adopter of the mark "INNOVOLT". The plaintiff claims that they are the proprietor of the mark, as it is a coined mark which cannot be appropriated by the defendant in relation to same description of alleged and cognate goods.

2. The main case of the plaintiff is that the plaintiff adopted the mark "INNOVOLT" for a wide range of products and services related to electronic and power saving since 2005 and 2007 in the United States of America and in India respectively. The mark "INNOVOLT" was first coined by the plaintiff. It has been using the mark "INNOVOLT" worldwide since 2005 and commercially since 2008.

3. The mark "INNOVOLT" is registered in USA vide Registration No. 4070632 since 13th December, 2011. The said mark of the plaintiff is presently pending registration in India vide Application No. 2231196 in class 9 for "VOLTAGE SURGE PROTECTORS and VOLTAGE SURGE SUPPRESSORS".

4. The reputation of the "INNOVOLT" name/mark is not limited only to electronics/appliance protection, but to other activities as well. The plaintiff has

developed new products and services and expanded its market share with an ever growing range of branded goods and services. Substantial goodwill and worldwide reputation have accrued to the plaintiff as a result of continuous sales, sales promotion and advertising of products bearing the "INNOVOLT" trademark by the plaintiff.

5. The domain name of the plaintiff being www.innovolt.com was created on 8th March, 2001 as alleged which expires on 8th March, 2017.

6. It is also stated in the plaint that the defendant has adopted the identical and deceptively mark and "INNOVOLT (logo)" and filed for the same vide Application No. 2101609 in Class 9 for the following goods; "INVERTERS, UPS, POWER BACKUP SYSTEMS, POWER CONVERSION SYSTEMS, BATTERY CHARGERS, POWER SUPPLIES, BATTERIES, CELLS, SCIENTIFIC, ELECTRIC, PHOTOGRAPIC, OPTICAL, WEIGHING, MEASURING APPARATUS AND INSTRUMENTS".

7. Both goods are falling in Class 09. It is alleged by the plaintiffs that the defendant has even copied the "Lightning Bolt" which is a very peculiar/distinct feature of the plaintiff's mark.

8. The defendant has filed the written statement and reply. The defendant has denied each and every averment made in the plaint. It is stated that the defendant has adopted and used the mark since 2011. The adoption was bonafide. Thus, no injunction is liable to be granted.

9. The defendant in its written statement has claimed the prior user of the mark in India, it is alleged that the adoption of the mark is bonafide and honest. The defendant is now the registered owner of the trademark INNOVOLT in the following classes :

10. The next plea of the defendant is that the plaintiff has claimed that he filed an application for registration of the alleged trademark INNOVOLT on 13th December, 2011 in USA. But the defendant's applications were filed on 17th February, 2011 before the Registrar of Trade Marks prior to the application filed by the plaintiff who even otherwise claimed user as proposed to be used.

11. The plaintiff has even acquiesced in respect of the said registrations of the defendant, who has not filed the opposition when the applications of the defendant were advertised. The plaintiff has not filed any rectification proceeding before the Intellectual Property Appellate Board by challenging the registrations after registration. The said trademarks of the defendant are valid, no interim order is liable to be passed.

12. It is argued by Mr. Shailen Bhatia, counsel appearing on behalf of the defendant that the plaintiff has failed to prove the continuous prior use of the trademark in question. The plaintiff has filed the application for registration on 9th November, 2011 under No. 2231196 in Class 9 with the user statement as "PROPOSED TO BE USED". He referred the Division Bench judgment passed in the case of Pioneer Nuts and Bolts Pvt. Ltd. Vs. Goodwill Enterprises, .

13. The plaintiff has filed a copy of the so called Joint Venture Agreement dated 3rd October, 2009. The following defendant's comments are made by Mr. Bhatia, learned counsel for the defendant during the course of hearing.

"a) In paragraph 8 of the plaint, the plaintiff itself averred that the said Agreement was terminated in 2012 in order to show the user of the matter in India on behalf of plaintiff by the third party.

b) There is not a single document to suggest that the agreement was ever acted upon. The Agreement has no witnesses. The Agreement contains schedules which are either completely blank or contains certain blanks. The same does not prove adoption or use of the alleged trademark. No mention of the use of the said trademark in the agreement. The agreement is void as it is without consideration."

14. Mr. Bhatia has also referred certain documents filed by the plaintiff, the same are in the nature of copy of invoices. His comments to the said documents are that the mark INNOVOLT has not been mentioned. The details of the same are as under :

15. Mr. Bhatia states that the plaintiff cannot claim any trans-border reputation. The plaintiff has not placed sufficient material on record to show that the plaintiff's alleged trademark is well-known in overseas countries. The plaintiff's products are also not available in duty free shops and embassies. Moreover, no person imports UPS/Inverters from abroad because this product is service based rather he would prefer to purchase such products from the local market.

16. Mr. Bhatia has referred the following judgments in support of his submissions and has submitted that plaintiff in the present case cannot take the advantage of any decision passed by the Supreme Court and many High Courts where the advantage is given to the plaintiff for trans-border goodwill and reputation. The decisions referred by him are as follows:

"(i) Asia Pacific Breweries Ltd. Vs. Superior Industries Limited--> .

(ii) The The Gillette Company and others Vs. A.K. Stationery and others--> ."

17. As far as adoption of mark is concerned, it is submitted that the adoption of the trademark "INNOVOLT" by the defendant is bonafide. The defendant adopted the trademark "INNOVOLT" by using two words Inverter and voltage. The defendant's corporate name is KEVIN POWER SOLUTIONS LTD. The word POWER SOLUTION is of a same species as INVERTER/VOLTAGE. There is a connection between the two. Therefore, the plaintiff cannot claim any monopoly over such a word. The adoption of the word by the defendant is well explained. The defendant has not taken the plaintiff's alleged trademark. There is also a delay in bringing the action by the plaintiff and the goods are not identical. The application filed by the plaintiff for grant of injunction is liable to be dismissed.

SUBMISSIONS OF THE PLAINTIFF

18. Mr. Sudhanshu Batra, learned Senior counsel appearing on behalf of the plaintiff has stated that the word INNOVOLT was coined by the plaintiff and it has been using the word "INNOVOLT worldwide since 2005 and commercially since 2008. It has been using the word "INNOVOLT" in India since 2007. The defendants have not coined the word "INNOVOLT".

The plaintiff is the prior adopter and user of the mark "INNOVOLT" in the field of Voltage surge protectors and Voltage surge suppressors in International Class 9. Therefore, to protect its interests in the well-known and established names, the plaintiff has filed numerous Trade Mark Applications in various classes all over the world. The relevant documents have already been filed with the plaintiff and are on record before this Court. The defendant has blatantly copied the said mark of the plaintiff and hence such adoption by the defendant is highly dishonest.

19. It is denied by Mr. Batra that the plaintiff has no intention to sell goods in India under the alleged trademark "INNOVOLT", as the plaintiff has been actively selling its products in India along with its JV partners. Filing the opposition against the mark of the defendant does not bar the plaintiff from filing the instant suit. The plaintiff is highly aggrieved as the defendant is trying to pass off his goods as that of the plaintiff and hence the instant suit. It is alleged by the counsel that the plaintiff has been and continues to be engaged in electronics power protection and management which extends the lifespan of equipment by safe-keeping it from common power disturbances that damage electronics. The technology, incubated at the Georgia Institute of Technology Research Institute's Advanced Technology Development Center, solves a host of power problems that most businesses and consumers are not aware of but are paying for through shortened electronics lifespan and decreased product reliability. This patented technology guards against damages from 99.5% of power interruptions including, but not limited to, infinite voltage and current variations. All such goodwill arising from the use of the "INNOVOLT" name accrues to the plaintiff and plaintiff only.

20. Both the parties have filed large numbers of documents. The details of the relevant documents filed by the plaintiff as well as the defendant are as below:--

21. As far as the use of the mark INNOVOLT by the defendant is concerned, prima-facie, it appears that the defendant has adopted the trademark INNOVOLT from February, 2011 and has started using the same thereafter, as it also appears from the record that the defendant has filed an application for registration of the trademark in the month of February, 2011.

22. As far as the plaintiff's use is concerned, the copies of the sale invoices, purchase orders and packaging of the plaintiff's products have been perused. The sale invoices are issued by the plaintiff-Company in various parts of the world including in India where the supply was made against the purchase orders received by the plaintiff from various places. These invoices are from the years 2008 to 2011. Learned counsel for the defendant has pointed out that in some of

the invoices, the mark INNOVOLT is not mentioned, therefore, no advantage of these invoices can be denied by the plaintiff about the use of the trademark INNOVOLT. But it is not denied by Mr. Bhatia that each of the invoices issued by the plaintiff and the mark INNOVOLT is the dominant and essential part of the corporate name of the plaintiff. Even otherwise, there is evidence on behalf of the plaintiff to show that the plaintiff has been using the mark INNOVOLT either as a part of its corporate name or as a mark prior to the defendant. The plaintiff has admittedly obtained the registration in United States of America on 30th December, 2011 wherein the use was mentioned on 21st October, 2005 in commence 21st January, 2008. The applications for the registration of the trademark INNOVOLT are filed by the plaintiff in Argentina, Brazil, Canada, India, Indonesia, Mexico and South Africa whereas the registration was granted in United States and Madrid Protocol - Protection in Australia, China, Europe, Japan, Singapore and South Korea prior to the use of the defendant. The plaintiff has filed the copy of the brochure of Innovolt Inc, pamphlets regarding different INNOVOLT products.

23. The plaintiff has also been ranked at 29 in the list of Technology Fast 500 TRADEMARK 2013 Ranking. Copies of the web-pages from innovolt.com and other websites have been placed on record showing the various awards and honors conferred on INNOVOLT and various published advertorials/ advertisements and printouts of various articles about the plaintiff which would show that the plaintiff was there in the overseas countries at least since 2008. The revenue of the plaintiff is about 10 Billions in one year and they were having the plans in 2011, 2012 and which has been raised about 30 millions subsequently and they have the plan to raise from 15 million to 20 million in institutional capital.

24. The plaintiff has also filed the copy of the Joint Venture Agreement with Integral Technologies and Asian Electronics Limited, Pune, dated 1st October, 2009, to use the mark INNOVOLT in the Asian territory to manufacture the INNOVOLT products. These documents, prima-facie, would show that the plaintiff is well-known in many countries of the world since 2008. In 2009, there was the Joint Venture Agreement with an Indian Company and they have been receiving the orders from the Indian Company and selling the goods in India. Thus, the plaintiff has been able to make out even a case of trans-border reputation as well as the prior user of the mark INNOVOLT.

25. The two logos used by the parties are as under:

26. The said logo was adopted by the plaintiff way back in 2008. The defendant has taken the script of the "Lightning Bolt" from the plaintiff's logo/mark. It is not impossible that the defendant could have coined the word "INNOVOLT" as well as the logo with the exact peculiar/distinct lightning bolt due to which it gets its distinctiveness.

27. Even during the pendency of the instant suit, the defendant is stated to have

incorporated a company by the name of "Innovolt Powertech Pvt. Ltd." The said fact has not been specifically denied by the defendant's counsel.

Learned counsel for the defendant has not denied the fact that the mark INNOVOLT was adopted by the plaintiff in overseas countries prior to the adoption and using the mark by the defendant. He has also not denied that the defendant has adopted the trademark INNOVOLT in the year 2011 in India. The documentary evidence filed by the plaintiff prima facie would establish that there is a user by itself or through franchise till 2012 bearing the trademark INNOVOLT which is prior to the use of defendant.

28. The trademark INNOVOLT is not a dictionary word. It has no meaning. It appears that it was coined by the plaintiff. It is apparent that the plaintiff is a foreign party who time and again tried to use the trademark in India in many ways. The application filed by the defendant for registration of the foreign trademarks is questionable. There is a prohibition of the registration of the similar mark which is already known and famous mark if the latter mark would cause unfair advantage or detrimental to the trademark of the plaintiff. The defendant is trying to give the justification for adoption and user of the mark. However, the fact remains that the trademark INNOVOLT is not a dictionary word. The defendant cannot give the justification after splitting the mark if the mark is a coined one by another party who is claiming himself to be the proprietor of the mark. The justification given by the defendant is just an after-thought, as the defendant being the subsequent adopter and user of the mark. No other party can derive the benefit by giving the flimsy justification. The fact remains that the defendant is not the proprietor of the mark. It has used the trademark subsequent to the use of the plaintiff. There is no force if the application filed by the plaintiff after the application of the defendant as proposed to be used. The plaintiff cannot make the incorrect statement in the application. In fact, earlier the plaintiff was exporting the goods in India against the orders. The plaintiff is taking the advantage of prior user in overseas countries for which they are entitled under the law. Therefore, it does not make any difference if in India the user claimed as proposed to be used. The decision referred by the counsel in the case of Pioneer Nuts and Bolts Pvt. Ltd.'s case (supra) does not help him as these facts of foreign user were not available in that case. In this regard, it is settled law for injunction of passing off that while considering the application for injunction, the Court has to see who is the prior user of the mark in question.

The plaintiff on the face of it is the prior adopter and user of the mark "INNOVOLT" in the field of Voltage surge protectors and Voltage surge suppressors in International Class 9.

29. In the case of Century Traders Vs. Roshan Lal Duggar Co., , the Court held as under :

"14. Thus, the law is pretty well-settled that in order to succeed at this stage the

appellant had to establish user of the aforesaid mark prior in point of time than the impugned user by the respondents. The registration of the said mark or similar mark prior in point of time to user by the appellant is irrelevant in an action passing off and the mere presence of the mark in the register maintained by the trade mark registry did not prove its user by the persons in whose names the mark was registered and was irrelevant for the purposes of deciding the application for interim injunction unless evidence had been led or was available of user of the registered trade marks. In our opinion, these clear rules of law were not kept in view by the learned Single Judge and led him to commit an error."

Law on Goodwill and User in Overseas Countries and Injunction against the Registered Proprietors

30. It is the admitted position that the Supreme Court has clearly held that the real test for establishing prior use is to determine who is first in the world market. In the case of Milmet Oftho Industries and Others Vs. Allergan Inc., the Supreme Court has held as under:

"The Court has to keep in mind the possibility that with the passage of time, some conflict may occur between the use of the mark by the Applicant in India and the user by the overseas company. The Court must ensure that public interest is in no way imperiled. 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." (para 8)

"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." (para 9)

31. This Court in the case of Icrave, LLC Vs. Icrave Designs Pvt. Ltd., has held as under:

"The court while relying on the judgment of the Apex Court in the case of N.R. Dongre (Supra) and Milment Oftho Industries (Supra) held that merely being first past the post in India is not enough and what is required to be seen is who was first past the post worldwide. In the facts of the case at hand the Plaintiff has been able to prove that they were established in 2002 with its headquarters in

New York i.e., they were established prior to the Defendants in the world market and thus prior in time." (para 12)

32. The defendant had filed for registering the domain name www.innovolt.net even after filing of the instant suit, wherein the plaintiff has prayed for injunction the defendant from using the word "Innovolt".

33. 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 as under:--

"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."

34. 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. The concept of passing off has undergone changes due to advent of technology and modernization. The 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.

35. The reputation of a person can transcend boundaries by virtue of its advertisement in the newspapers, media circulation, expatriate reputation due to cultural akinness and all other relevant factors which connect one country's business with that of another. This has been aptly explained by the Division Bench of this Court in the case of N.R. Dongre and Others Vs. Whirlpool Corporation and Another, wherein the concept of trans-border reputation was approved 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."

36. The said judgment of Whirlpool [supra] has been approved by the Supreme Court in the case of N.R. Dongre and Others Vs. Whirlpool Corpn. and Another, wherein the law laid down by the Division Bench of this Court was again reiterated. 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 Optho Industries and Others, wherein it 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 Canadian Patent Reporter 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 trammelled 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 N.R. Dongre v. Whirlpool Corporation, (DB); 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."

37. The said judgment passed in the case of Milment (supra) by Division Bench of Kolkata High Court has been further approved by Supreme Court of India in the case of Milmet Oftho Industries and Others Vs. Allergan Inc., wherein the Supreme Court has laid down as under :

"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."

38. The position of law uptill Milment (supra) 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 (supra) was also rendered in the year 2004 when the impact of internet, e-commerce, social media was yet to be seen and realized.

39. In the case of Cadbury U.K. Limited and Another Vs. Lotte India Corporation

Ltd., speaking through my respected brother Dr. Justice S. Muralidhar 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 and injunction order could be passed against the registered proprietor on the basis of unregistered trademark in an action of passing off as held in the case of Whirlpool (supra).

In Cadbury UK Limited (supra) in para 33 of the said decision, the following principles have been summarized:

"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).

(f) 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."

Passing Off

40. Even 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. Chetanbhat Shah and Another, , wherein the Supreme 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 also held in Laxmikant v. Patel (supra) that the principles which apply to trademark are applicable to trade name also. 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 Supreme 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."

41. The plaintiff has sales in India and spent millions of dollars on Research and development of its products in India. However, sales of a mark have no relevance when there has been dishonest adoption of a mark. This Court in the case of Jolen Inc. Vs. Doctor and Company, held as follows:

"As regards advertisements, sales figure in respect of sale of cosmetic cream of the Defendant in India from 1981 to 1983, it is of no relevance if the adoption of the trademark is subsequent, tainted and dishonest. In such a case even long user, reasonable reputation and goodwill of the trademark cannot vest the right in the Defendant to protect it." (para 30)

Prior User v. Registered Proprietor

42. As far as prior user is concerned, in the very recent judgment delivered by the Supreme Court in the case of Neon Laboratories Ltd. Vs. Medical Technologies Ltd. and others. The same aspect has been dealt with wherein by referring the another decision of the Supreme Court in S. Syed Mohideen Vs. P. Sulochana Bai prior to the Neon's case (supra) wherein it was held as under :

"The 'first in the market' test has always enjoyed preeminence. We shall not burden this judgment by referring to the several precedents that can be found apposite to the subject. In the interest of prolixity we may mention only N.R. Dongre and Others Vs. Whirlpool Corpn. and Another, and Milmet Oftho Industries and Others Vs. Allergan Inc., . In Whirlpool, the worldwide prior user was given preference nay predominance over the registered trademark in India of the defendant. In Milmet, the marks of pharmaceutical preparation were similar but the prior user worldwide had not registered its mark in India whereas its adversary had done so. This Court approved the grant of an injunction in favour of the prior user. Additionally, in the recent decision in S. Syed Mohideen Vs. P. Sulochana Bai , this Court has pithily underscored that the rights in a passing-off action emanate from common law and not from statutory provisions, nevertheless the prior user's rights will override those of a subsequent user even though it had been accorded registration of its trademark. Learned Counsel for the Defendant-Appellant has endeavoured to minimize the relevance of Whirlpool as well as Milmet by drawing the distinction that those trademarks had attained worldwide reputation.

However, we think that as world shrinks almost to global village, the relevance of the transnational nature of a trademark will progressively diminish into insignificance. In other words, the attainment of valuable goodwill will have ever increasing importance. At the present stage, the argument in favour of the Defendant-Appellant that we find holds more water is that in both Milmet and Whirlpool, as distinct from the case before us, the prior user of the successful

party predated the date of application for registration of the competing party.

The question to examine, then, would be whether prior user would have to be anterior to the date of application or prior to the user by the Defendant-Appellant. In other words, the question before the Court would remain whether the situation on the date of application for registration alone would be relevant, or whether the developments in the period between this date and the date of grant of registration would have any bearing on the rights of the parties. All these considerations will be cast into a curial cauldron to be appreciated by the Court before which the suit is being contested. In these premises, we cannot conclude that a prima facie case has not been disclosed by the Plaintiff-Respondents."

43. As per the decision of this Court in the case of Jolen Inc. (supra) which has already been discussed in the previous paragraphs, sales are immaterial. It is denied that the plaintiff has not sold any goods in India. The plaintiff along with its erstwhile JV partners Integral Technologies Pvt. Ltd., located in Pune and Asian Electronics Limited has sold many products all over India.

44. None of the judgments referred by the learned counsel for the defendant is applicable to the facts of the present case. As far as the decision referred by Mr. Bhatia in Asia Pacific Breweries Ltd. (supra) is concerned, the injunction was not granted, as the Court found that the trans-border reputation is not made out, by referring the judgments, in which it was held that the plaintiff did not file the documents/invoices to prove its sale in foreign countries and nothing was placed on record about the worldwide registrations of the plaintiff's trademark in different countries or its sale in or outside India or extensive advertisements in India/foreign magazines. However, the present case is not of such nature. It is also pertinent to mention that the issue of goodwill and reputation has already been dealt with by this Court in subsequent judgment passed by Hon'ble Mr. Justice S. Muralidhar in the case of Cadbury U.K. Limited (supra). Therefore, the facts in the case referred are materially different.

45. As far as the case of The Gillette Company and others (supra) is concerned, the injunction in the said case was not granted and the plaintiff did not produce sufficient material on record to claim the trans-border reputation in India in respect of the products in question and further, the use of the trademark FLEXGRIP is protected under Section 30(1)(b) of the Act. Such situation has not happened in the present case, as the trademark INNOVOLT is a famous trademark in many overseas countries. The documents in this regard are available on record. The trademark has also been used in India. The defendant is not using the mark INNOVOLT as a bonafide description, rather the defendant after filing of the suit has incorporated the company by the name of "Innovolt Powertech Pvt. Ltd."

46. The plaintiff is the prior user of the mark "INNOVOLT" for electronic and power saving across the world and has been using the mark "INNOVOLT" ever

since 2005. The defendant has themselves admitted that they have adopted the mark "INNOVOLT" only in 2011. This is nearly 5 years after the mark "INNOVOLT" of the plaintiff has earned recognition in the world market and positioned itself as a well-established mark.

47. The other decision referred by Mr. Bhatia of Pioneer Nuts (*supra*) the same does not help the case of the defendant as the defendant in the present case obtained the domain name after filing of the suit. They have also incorporated the company having the name Innovolt very recently. In the referred case, the facts of foreign user mark were missing. In the present case, admittedly the plaintiff has adopted and used the mark Innovolt in overseas countries prior in time. Hence, all the versions are distinguishable to the facts and circumstances in the present case.

Allied and Cognate goods

48. In the case of Essel Packaging Limited and Others Vs. Essel Tea Exports Ltd., , the High Court of Bombay held that common field of activity is not conclusive for deciding whether there can be passing off action, although at one point of time the said test was treated as conclusive. It was held that with the passage of time the law of requirement of common field of activity in a passing off action has undergone a radical change and as such there was no requirement for a common field of activity to found a claim on passing off action, because the real question in each of such cases is, whether there is, as a result of misrepresentation, a real likelihood of confusion or deception of the public and consequent damage to the plaintiff is likely to be caused and if that is taken to be the test then the focus is shifted from the external objective test of making comparison of activities of the parties, to the state of mind of public, in deciding whether it will be confused.

49. In the case of Corn Products Refining Co. Vs. Shangrila Food Products Ltd., , the Supreme Court held as under :

"20. It is true that in both the above-mentioned cases the two competing trade marks were absolutely identical which is not the case here. But that in our opinion makes no difference. The absolute identity of the two competing marks or their close resemblance is only one of the tests for determining the question of likelihood of deception or confusion. Trade connection between different goods is another such test. Ex hypothesis, this latter test applies only when the goods are different. These tests are independent tests. There is no reason why the test of trade connection between different goods should not apply where the competing marks closely resemble each other just as much as it applies, as held in the "Black Magic" and "Panda" cases, where the competing marks were identical. Whether by applying these tests in a particular case the conclusion that there is likelihood of deception or confusion should be arrived at would depend on all the facts of the case."

50. In the case of Bajaj Electricals Limited Vs. Metals and Allied Products and

Another, , the Court held as under :

"8. Mr. Tulzapurkar submitted that it is not really necessary to consider different judgments of the House of Lords because Lord Denning had also observed that the defendants would have no defence if the user of the name of the defendants is likely to deceive irrespective of the fact whether the user was honest and that conclusion of Lord Denning is also approved by Lord Devlin who was in minority. Mr. Tulzapurkar submitted that in the present case, there is a specific evidence on record that the word "Bajaj" was used by the defendants dishonestly and deliberately with a view to take advantage of the reputation earned by the plaintiffs. The learned counsel referred to us to a passage at p. 408 in Kerly's Law of Trade Marks and Trade Names, Twelfth Edition, and submitted that once intent to deceive is established, then the defendants could not claim that they were entitled to use word "Bajaj" as a trading sign. In support of the submission, the learned counsel invited our attention to the brochure (Ex. "G" annexed to the plaint) wherein the defendants have claimed that Bajaj quality is well accepted and appreciated internationally. Mr. Tulzapurkar points out and it is not in dispute that the defendants have never marketed their goods abroad, nor have they even claimed that their goods are sold all over the country. Mr. Tulzapurkar is right and we agree with the learned trial Judge that the brochure published in the year 1987 is issued with a view to cause deception or confusion in the mind of the customers. The word "Bajaj" has quite a great reputation in the country and abroad and the publication of the brochure in year 1987 clearly indicates that the defendants were not honest in the use of the word "Bajaj" and an attempt was made to pass off their goods with the mark "Bajaj" with the intention to secure advantage of the reputation earned by the plaintiffs.

The submission of Mr. Tulzapurkar was controverted by Mr. Cooper by urging that the goods manufactured by the plaintiffs and the defendants are totally different and, therefore, there is no cause or apprehension that the use of the word "Bajaj" is likely to cause deception or confusion in the mind of the public. Mr. Cooper submitted that the articles manufactured by the defendants are utensils and those marketed by the plaintiffs are electrical goods or appliances and, therefore, it is unlikely that the purchasers of utensils would be confused by the use of the word "Bajaj" on the articles of the defendants. The learned counsel submitted that the plaintiffs' goods are sold under registered mark under Class 11, while the goods manufactured by the defendants fall under Class 21. Class 11 refers to installations for lighting, heating, steam generating, cooking, refrigerating, drying, ventilating, and other purposes, while Class 21 refers to small domestic utensils and containers (not of precious metal nor coated therewith). The submission of Mr. Cooper is that as the articles manufactured by the plaintiffs and the defendants are different, the question of deception would not arise. It is not possible to accept the submission. The articles manufactured by the plaintiffs and the defendants are kitchen wares and are commonly used in almost every kitchen in this country. The mere fact that the articles manufactured by the contesting parties are different in nature is no answer to

the claim that the defendants are guilty of passing off. We entirely agree with the conclusion recorded by the learned trial Judge that there is identity of the goods, the mark and the consumer and the goods manufactured by both the plaintiffs and the defendants are sold under one shop. Mr. Cooper complained that the electric goods manufactured by the plaintiffs and the stainless steel utensils manufactured by the defendants are not sold in one shop. The submission is not accurate because it is common experience that kitchen ware or kitchen appliances like mixers, grinders, pressure cookers, and stainless steel utensils are sold in the same shop. At this interim stage, we are not prepared to accept the submission of Mr. Cooper on this count and we see no reason to take different view from that of the learned single Judge on this aspect. In our judgment, prima facie, it is clear that the defendants have intentionally and dishonestly tried to pass off their goods by use of name "Bajaj".

What is the relevant Date of Adoption

51. If the entire object of the Trade Law is examined, it is obvious that the date of adoption of the mark of a party is the relevant date. In case on the date of adoption, it is found, he was aware about the mark of the rightful owner, the using of the mark and filing of application in the Trade Marks office is fraudulent. As dishonesty starts from the beginning itself the subsequent user is to be considered as tainted, as the party was aware that the mark actually belongs to other party and he is not the owner of the same. It is totally immaterial if the registration is objected of a copied mark of a party who adopted and used the mark in earlier point of time. There is not much difference, if the registration is obtained on the basis of non-filing of opposition. The main reason is that it is for the Court to decide the common law remedy wherein the interim order can be passed. The Trade Marks Registry or the Appellant Board are not empowered to pass the interim order against the party who has appropriated the mark deliberately. The party who has stolen the mark cannot claim the benefit of concurrent user because the governing principle of concurrent user lies on account of honesty. It is also immaterial if the defendant has filed the application prior in time or owner of the mark has claimed user as proposed to be used if the mark is already known and used in overseas countries.

52. 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."

Delay, if any

53. The suit has been filed in the year 2013. The plaintiff is a foreign company.

There is no much delay in bringing the action. The delay, if any, for some period cannot debar the interim orders sought by the plaintiff. 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."

54. The ratio of the aforesaid decisions is squarely applicable to the facts of the present case. Thus, injunction cannot be refused on account of delay as the plaintiff has made a strong prima facie case of passing off. Even otherwise, from the facts in the present case, there is no much delay in bringing the action by the plaintiff against the defendants. The plaintiff has filed the suit against the defendant in 2013. The defendant has admitted that it has launched the product in 2011. There is a small delay of more than one year. Being a foreign company, it always takes some time to bring the suit for the purpose of collecting documents and preparing the papers. Thus, prima facie, said plea has no force.

Domain Name

55. Domain names are entitled to the protection as a trademark and the trademark law applies to the activities on internet. The mere fact that petitioner has no registered domain name by itself may not stand in the way of a passing off action. The defendant has obtained the domain name as per plaintiff after filing of the suit. The following are the decisions in which the domain name is protected by the Courts:

"a) In Marks and Spencer v. One in a Million, (1998) FSR 265, it was held that any person who deliberately registers a domain name on account of its similarity to the name, brand name or trademark of an unconnected commercial organization must expect to find himself on the receiving end of an injunction to restrain the threat of passing off, and the injunction will be in terms which will make the name commercially useless to the dealer. It was held in that decision that the name MARKS & SPENCER could not have been chosen for any other reasons than that it was associated with the well known retailing group. The

decision further goes on to say that when the value of the name consists solely in its resemblance to the name or trademark of another enterprise, the court will normally assume that the public is likely to be deceived, for why else would the defendants choose it? It was also stated that someone seeking or coming upon a website called <http://marksandspencer.co.uk> would naturally assume that it was that of the plaintiffs.

b) In *Acqua Minerals Limited Vs. Mr. Pramod Borse and Another*, , while considering an injunction sought to restrain the defendants from using the mark BISLERI or BISLERI.COM the court observed that so far as the Registering Authority of the domain name is concerned it agrees for registration of domain name only to one person. That is on first come first serve basis. If any person gets the domain name registered with the Registering Authority which appears to be the trade name of some other person, the Registering Authority has no mechanism to inquire whether the domain name sought to be registered is in prior existence and belongs to another person. The court referring to Rule 4 of the Domain Name Registration Policy observed thus as under:--

"Unless and until a person has a credible explanation as to why did he choose a particular name for registration as a domain name or for that purpose as a trade name which was already in long and prior existence and has established its goodwill and reputation there is no other inference to be drawn than that the said person wanted to trade in the name of the trade name he has picked up for registration or as a domain name because of its being an established name with widespread reputation and goodwill achieved at huge cost and expenses involved in the advertisement."

c) In *Rediff Communication Limited Vs. Cyberbooth and another*, , the Bombay High Court, while granting an injunction restraining the defendants from using the mark/domain name "RADIFF" or any other similar name, it was held that when two similar domain names are considered there is every possibility of internet user being confused and deceived in believing that both domain names belong to one common source and connection although the two belong to two different persons. Once the intention to deceive is established, the Court should not make further enquiry about the likelihood of confusion. If it is found that a man's object in doing that which he did was to deceive, that he had an intention to deceive the Court, will very much infer that his object has been achieved, if the facts tend to show that, that is the case and to say that his intention to deceive ripening into receipt gives ground for an injunction.

d) In *Living Media India Limited Vs. Jitender V. Jain and Another*, the plaintiff was a producer of a news program under the name and style AAJ TAK while the defendant's adopted the name KHABAREIN AAJ TAK in respect of newspapers. The mark of the defendants was an exact reproduction of the plaintiff's mark. The Court observed that while the words "Aaj" and "Tak" may be individually descriptive and may not be monopolized by any person, but their combination does provide protection as a trade name if it has been in long, prior and

continuous user and it gets identified with such persons.

e) In *Satyam Infoway Ltd. Vs. Sifynet Solutions Pvt. Ltd.*, , where the domain names [www.sifynet](http://www.sifynet.com), www.sifymall.com, www.sifyrealestate.com of the appellant; and www.sifynet.net and www.sifynet.com of the respondent were in question, it was observed by the Supreme Court as under:

"16. The use of the same or similar domain name may lead to a diversion of users which could result from such users mistakenly accessing one domain name instead of another. This may occur in e- commerce with its rapid progress and instant (and theoretically limitless) accessibility to users and potential customers and particularly so in areas of specific overlap. Ordinary consumers/users seeking to locate the functions available under one domain name may be confused if they accidentally arrived at a different but similar web site which offers no such services. Such users could well conclude that the first domain name owner had misrepresented its goods or services through its promotional activities and the first domain owner would thereby lose their custom. It is apparent therefore that a domain name may have all the characteristics of a trademark and could found an action for passing off."

"29. Apart from the close visual similarity between "Sify" and "Siffy", there is phonetic similarity between the two names. The addition of "net" to "Siffy" does not detract from this similarity."

"31. What is also important is that the respondent admittedly adopted the mark after the appellant. The appellant is the prior user and has the right to debar the respondent from eating into the goodwill it may have built up in connection with the name."

f) In *Yahoo!, Inc. Vs. Akash Arora and Another*, , it was observed as under:

"11. In *Marks & Spencer v. One-in-a-Million*; reported in 1998 FSR 265, it was held that any person who deliberately registers a domain name on account of its similarity to the name, brand name or trademark of an unconnected commercial organisation must expect to find himself on the receiving end of an injunction to restrain the threat of passing off, and the injunction will be in terms which will make the name commercially useless to the dealer. It was held in the said decision that the name "marks and spencer" could not have been chosen for any other reason than that it was associated with the well-known retailing group. The decision further goes on to say that where the value of a name consists solely in its resemblance to the name or trade mark of another enterprise, the Court will normally assume that the public is likely to be deceived, for why else would the defendants choose it? It was also said that someone seeking or coming upon a website called <http://marksandspencer.co.uk> would naturally assume that it was that of the plaintiffs. Thus, it is seen that although the word "services" may not find place in the expression used in Sections 27 and 29 of the Trade and Merchandise Marks Act, services rendered have come to be recognised for an action of passing off. Thus law of passing off is an action under the common law

which also is given a statutory recognition in the Trade Mark Act. Thus in the context and light of the aforesaid decisions and the development in the concept of law of passing off, it is too late in the day to submit that passing off action cannot be maintained as against services as it could be maintained for goods.

12. The services of the plaintiff under the trademark/domain name "Yahoo!" have been widely publicised and written about globally. In an Internet service, a particular Internet site could be reached by anyone anywhere in the world who proposes to visit the said Internet site. With the advancement and progress in technology, services rendered in the Internet has also come to be recognised and accepted and are being given protection so as to protect such provider of service from passing off the services rendered by others as that of the Plaintiff. As a matter of fact in a matter where services rendered through the domain name in the Internet, a very alert vigil is necessary and a strict view is to be taken for its easy access and reach by anyone from any corner of the globe. There can be no two opinions that the two marks/domain names "Yahoo!" of the plaintiff and "Yahooindia" of the defendant are almost similar except for use of the suffix "India" in the latter. The degree of the similarity of the marks usually is vitally important and significant in an action for passing off for in such a case there is every possibility and likelihood of confusion and deception being caused. When both the domain names are considered, it is crystal clear that the two names being almost identical or similar in nature, there is every possibility of an Internet user being confused and deceived in believing that both the domain names belong to one common source and connection, although the two belong to two different concerns."

56. Under these circumstances, the plaintiff has made out a strong prima-facie case for the grant of ad-interim injunction, as the defendant has adopted and used the said trademark in relation to the identical or allied and cognate goods. The balance of convenience also lies in favour of the plaintiff and against the defendant, as the trademark used by the defendant is identical. The conduct of the defendant is that after filing of the suit, the defendant has incorporated the company by the name of "Innovolt Powertech Pvt. Ltd.". In case the interim order is not passed, the plaintiff will suffer an irreparable loss and injury.

57. Hence, till the final disposal of the suit, the defendant is restrained from using the plaintiff's mark INNOVOLT or any other mark deceptively similar to the mark INNOVOLT in respect of any services, in the course of business or otherwise, either personally or through its agents, representatives, employees, servants, agents, assigns etc. in any manner whatsoever directly or indirectly. However, since the defendant has been using the trademark INNOVOLT for the last more than 4 years, the defendant is granted three months time to amend the mark and dispose of the existing stock under the name INNOVOLT. After the expiry of the said period, the interim order passed shall operate against the defendant. The application is disposed of.

58. No order as to costs.

59. The findings arrived at are tentative and prima facie in the nature which shall have no bearing when the suit is decided at final stage after recording the evidence.