
(2018) 11 DEL CK 0182

In the Delhi High Court

Case No : Civil Suit(COMM) 1120 Of 2016 and CRL.M.A.10583 Of 2017 & IA
No.3153 Of 2018

Luxembourg Brands S.A R.L & Anr

APPELLANT

Vs

G.M Pens International Pvt Ltd

RESPONDENT

Date of Decision : 26-11-2018

Acts Referred:

Code of Civil Procedure, 1908 — Order 39 Rule 2A

Citation : (2018) 11 DEL CK 0182

Hon'ble Judges : Vibhu Bakhru, J

Bench : Single Bench

Advocate : Sudhir Chandra, Prashant Gupta, Kanishk Kumar, Taapsi Johri,
Sandeep Sethi, Rajeshwari H., Arun C. Mohan, Kumar Chitranshu

Judgement

S.No.,Mark,,,S. No.,Mark

1.,T-MAX,,,2.,531

3.,JEFFY,,,4.,207

5.,CHAMP STAR,,,6.,Festive

7.,RACEMAX Gel II,,,8.,Trendy

9.,LIQUIFAST,,,10.,Dominator

11.,JETTRA CLASSIC,,,12.,JETTRA YOUTH

13.,FUSO,,,14.,KwikStik

15.,?45 FINEPOINT,?,45 FINEPOINT,16.,iClean

17.,STARTOONS,,,18.,Trizy

19.,BOLD POINT,,,20.,TINTA

21.,TECHNO POINT,,,22.,JETTRA GEL

23.,FORCERGEL,,,24.,JETTRA

METALIX

25.,LASERTEK,,,26.,Liquijet

27.,ARGOSOFT,,,28.,Bright max

,,,,,

31.,ZAPPOINT,32.,Maxink Gel,,

33.,MY PRO,34.,GRIPP,,

35.,â??R?,36.,Grippy,,

trademark â??RORITOâ?. However, they claim that the defendant has been â?? aggressively marketing to the trade and public at large through print" ,,,,,

and electronic media that its mark RORITO is the â??changedâ? name of the Plaintiffsâ? mark REYNOLDSâ?. Accordingly, the plaintiffs seek a" ,,,,,

decree of injunction restraining the defendant from using the trademark RORITO in respect of the Products. They further claim that the defendant is ,,,,,

liable to render accounts in respect of the profits earned by marketing and sale of the Products under the brand name RORITO. ,,,,,

16. It is the plaintiffsâ? case that the defendant has been passing off its goods under the brand name RORITO as goods of the plaintiffs. According to ,,,,,

the plaintiffs, the same has been implemented by eight separate methods stated as under:" ,,,,,

(i) By engaging Mr Sachin Tendulkar â?" a well known sporting personality who was earlier engaged by the defendant as the Brand Ambassador for ,,,,,

the Brand REYNOLDS â?" to advertise defendantâ?s product under the brand name RORITO. The plaintiffs claim that the advertisements featuring ,,,,,

Mr Tendulkar were calculated to mislead the trade into believing that the RORITO was the changed name of REYNOLDS. ,,,,,

(ii) By holding a prelaunch conference in Kolkata to train its employees, distributors and retailers to deceive the consumers in believing that RORITO" ,,,,,

is the changed name of ,,,,,

REYNOLDS. ,,,,,

(iii) By running a campaign on the social media platform, Facebook, calculated to misrepresent to the public at large that the REYNOLDS has" ,,,,,

changed to RORITO. ,,,,,

(iv) By using the trademark REYNOLDS on the visiting cards of its employees; on invoices; and on sign boards.,,,,,

(v) By using the trademark RORITO in conjunction with the trademark, WRITESITE, used in respect of stores and retail outlets operated or",,,,,

franchised by the defendant. It is claimed by the plaintiffs that since such stores (referred to as WRITESITE Stores) used the trademark.,,,,,

REYNOLDS on the sign boards and on the stationary, the use of the trademark RORITO in place of trademark REYNOLDS also led the public to",,,,,

believe that RORITO was the changed name of,,,,,

REYNOLDS.,,,,,

(vi) By misleading public at large.,,,,,

(vii) By adopting a red and white logo which, the plaintiffs allege, is deceptively similar to the REYNOLDS logo.",,,,,

(viii) By using the same trade dress as used for Products sold under the REYNOLDS Trademarks and the other sub-brands.,,,,,

17. Mr Sudhir Chandra, learned Senior Counsel appearing for the plaintiffs had focused much of his arguments on the defendant's advertisement",,,,,

campaign featuring Mr Sachin Tendulkar for establishing that the defendant had been passing off its goods as that of REYNOLDS. In addition, he had",,,,,

also extensively referred to the story board of the video recording of the defendant's conference at Kolkata as well as the print out of pages of,,,,,

certain Facebook accounts, in support of the plaintiffs' case. He earnestly emphasized that the advertisement campaign featuring Mr Sachin",,,,,

Tendulkar conclusively established that the defendant was passing off its goods as that of REYNOLDS.,,,,,

18. Apart from touching on other aspects, Mr Chandra had also mentioned that the defendant was continuing to use the same browser icon, the letter",,,,,

â??Râ??, in respect of its website(s).",,,,,

19. At the outset, it is necessary to note that the products in question are, admittedly, manufactured by the defendant. Although, it was suggested that",,,,,

the plaintiffs had played a larger role than merely licensing designs and trademarks, no such case has been set up by the plaintiffs in the plaint. It is not",,,,,

the plaintiffs' case (as set out in its plaint) that it had transferred any technology to the defendant for manufacturing of the Products. On the,,,,,

contrary, the plaintiffs have averred that in terms of the License Agreement â?? the defendant was responsible for designing, manufacturing,",,,,,

marketing, promoting and distributing of the plaintiffsâ? products under REYNOLDS trademarks in Indiaâ?. Thus, admittedly, the Products were",,,,,

manufactured, marketed and promoted by the defendant. Apart from the designs provided under the License Agreement, the Products were also",,,,,

designed by the defendant. Further, the plaintiffs have also not produced any material or evidence, which would establish that the plaintiffs had",,,,,

rendered any assistance in respect of the manufacture of the Products. In the plaint, the plaintiffs have referred to REYNOLDS products as products",,,,,

that bear the trademark REYNOLDS. Thus, according to the plaintiffs, in terms of the License Agreement, all products manufactured by the",,,,,

defendant and sold under the trademark REYNOLDS were, essentially, their products.",,,,,

20. The packaging of the products sold by the defendant under the trademark REYNOLDS also expressly indicated that REYNOLDS logo is a,,,,,

trademark of Luxembourg Brands S.a.r.l, Luxembourg. It also expressly carried the declaration: â??Mfd. & Mktd. by G.M. PENS",,,,,

INTERNATIONAL PVT. LTD.â??",,,,,

21. At this stage, it would be necessary to refer to the License Agreement to understand the respective obligations of the parties thereto. In terms of",,,,,

Clause 2.1 of the License Agreement, the defendant was granted the license to use â??the Licensed Propertyâ? throughout the Territory only on or",,,,,

in connection with the design, creation, manufacture, promotion, sale and distribution of the â??Licensed Productsâ? solely to the Authorized",,,,,

Channels during the Term of the Licence Agreement. Clause 2.1 of the License Agreement is set out below:-,,,,,

â??2.1 License Grant. Subject to the terms and conditions of the Agreement, Licensor hereby grants to Licensee and Licensee hereby accepts from",,,,,

Licensor a non-transferable, royalty-bearing license to use the Licensed Property throughout the Territory only on or in connection with the design,",,,,,

creation, manufacture, marketing, promotion, sale and distribution of Licensed Products solely to the Authorized Channels during the Term. The",,,,,

license granted to Licensee hereunder shall be exclusive with respect to the Trademarks; provided, however, that in respect of the Trademarks listed",,,,,

in Schedule B-2, such exclusivity shall expire, and the license with respect to such Trademarks shall become non-exclusive, as of the date that is three" ,,,,,

(3) years following the Effective Date such exclusivity in extended in Berolâ's sole discretion. The license granted to Licensee hereunder shall be ,,,,,

nonexclusive with respect to all Licensed Property other than the Trademarks. Licensee shall have no right to sublicense any of the rights that are ,,,,,

licensed to Licensee under this Agreement.â?? ,,,,,

22. The term â??Licensed Propertyâ?? is defined under Clause 1.5 of the License Agreement, which reads as under:-" ,,,,,

â??1.5 â??Licensed Propertyâ? means the Trademarks, the copyrights and designs set forth on Schedule B-I and Schedule B-2, the Existing IP" ,,,,,

Rights (as set forth in Schedule B-3), and any other artwork, design, image, concept, trademark, trade dress, trade secret, copyright, patent or" ,,,,,

invention (whether patentable or not), including without limitation Work Product, that is owned by or licensed to Licensor and used by Licensee in" ,,,,,

connection with the manufacture, marketing, promotion, distribution or sale of the Licensed Products with Licensorâ??s approval." ,,,,,

23. It is also relevant to refer to Clauses 1.3, 1.4 and 1.11 of the License Agreement, which define the terms â??Covered Productsâ? â??Licensed" ,,,,,

Productsâ?? and â??Work Productsâ??. The said clauses are set out below:- ,,,,,

â??1.3 â??Covered Productsâ?? means the products specified in Schedule B-4. ,,,,,

1.4 â??Licensed Productsâ? means Covered Products (including any component parts therefore) sold by Licensee that bear the Trademarks (either ,,,,,

on the product itself or on the packaging therefor) or that are advertised or promoted using the Trademarks. ,,,,,

xxxx xxxx xxxx xxxx ,,,,,

1.11 â??Work Productâ? means any artwork, design, image, concept, trademark, trade dress, trade secret, copyright, patent or invention (whether" ,,,,,

patentable or not) created, developed or otherwise acquired by Licensee or any third party hired by Licensee that either incorporates the Trademarks" ,,,,,

or is used in connection with the manufacture, marketing promotion, distribution or sale of the Licensed Products.â??" ,,,,,

The terms â??Covered Productsâ?? or â??Licensed Productsâ?? as used hereafter shall bear the same meaning as above. ,,,,,

24. Schedule B-4 of the License Agreement lists out the Covered Products. The

same include Graphite pencils, correction products, erasers, ball point",,,,,
pens, fountain pens, felt tip pens, roller ball pens, gel pens, mechanical pencils
permanent markers, whiteboard markers, highlighters, children's arts",,,,,
and crafts products.,,,,,

25. It is apparent from the above that the defendant was granted a limited
license to use the Licensed Property " trademarks, copyrights and",,,,,
designs as set forth in Schedule B-1, B-2, B-3 and any other art work, design,
concept image, sub-trademark, trade dress, trade secret, copyright,",,,,
patent or innovation owned by or licensed to the plaintiffs and used by the
defendant in connection with the manufacture, marketing, promotion,",,,,
distribution and sale of the Licensed Products.,,,,,

26. Clause 7.1 and 7.2 of the License Agreement expressly provided that the
Licensor (now the plaintiff no.2) would be the sole owner of all rights,",,,,
title and interest in the Licensed Property and the goodwill associated therewith.
Further, any use of the Licensed Property would also inure to the",,,,,
benefit of the Licensor. Clauses 7.1 and 7.2 of the License Agreement are set out
below:-,,,,,

7.1 Ownership and Protection. Licensee acknowledges that Licensor is the
sole owner of all right, title and interest in and to the Licensed",,,,,

Property in any form or embodiment, in the Territory, and is also the sole owner
of all goodwill associated or which shall become associated therewith." ,,,,,

Licensee shall not in any manner represent that it has any ownership in any of
the Licensed Property or any registration thereof, and Licensee",,,,,

acknowledges that use of any of the Licensed Property shall not create in
Licensee's favor any right, title or interest in or to ownership of any of the",,,,,

Licensed Property. Licensee shall cooperate fully with Licensor for the purpose of
securing, preserving and protecting Licensor's rights in the",,,,,

Licensed Property. Licensee further agrees that it will not apply or seek to
register in relation to the Covered Products or in relation to any other,,,,,

goods, services or trade, any of the Licensed Property or any mark, name, logo
or device in any alphabet, script or language calculated or in any way",,,,,

likely to cause confusion or deception by comparison with any of the trademarks
included in the Licensed Property, and that it will not apply or seek to",,,,,

register any trademarks, patents, designs or copyrights for or related to the
Licensed Products or any related Materials. In the event Licensee desires",,,,,

to have registered in the Territory trademarks, patents, designs or copyrights for or related to the Licensed Products or related Materials that have" ,,,,,

been approved for use by Licensor, other than those already registered in the Territory by Licensor, Licensee shall make such request in writing to" ,,,,,

Licensor, and Licensor shall make reasonable efforts to obtain such additional registrations in Licensor's name. Licensee shall fully assist Licensor in" ,,,,,

the process for such additional registrations and will, within 30 days of receipt of Licensor's documented request thereof, reimburse Licensor for" ,,,,,

100% of the fees, costs and expenses actually incurred in conjunction with obtaining, maintaining and renewing such additional registrations during the" ,,,,,

term of this Agreement. Any such additional registrations shall be the property of Licensor and included in the definition of Licensed Property, and" ,,,,,

Licensee's use thereof shall be subject to all the provisions of this Agreement. ,,,,,

7.2 Use Inures to Licensor. Any use of the Licensed Property by Licensee shall inure to the benefit of Licensor. Licensee shall not, at any time, do or" ,,,,,

cause to be done any act or thing that may in any way adversely affect any rights of Licensor in and to the Licensed Property or any registrations ,,,,,

thereof. Without limiting the foregoing, Licensee shall not dispute or question Licensor's ownership of or the validity of the Licensed Property and/or" ,,,,,

do or suffer to be done any act or thing which may in any way impair the rights of Licensor in and to the Licensed Property or the distinctiveness or ,,,,,

validity thereof and/or allege that any Licensed Property has ceased to be distinctive of the products of Licensor and/or that there has ceased to be a ,,,,,

connection in the course of trade between the products and Licensor and/or premise set up any claim in or to the Licensed Property adverse to that of ,,,,,

Licensor. In particular, Licensee hereby covenants and undertakes that it shall not apply for rectification or cancellation of the registration of any of" ,,,,,

the Licensed Property on any ground and that it will not counsel, procure or assist any other person to take such action. " ,,,,,

27. In terms of Clause 11.1 of the License Agreement, the defendant was obliged to immediately discontinue the use of the Licensed Property and" ,,,,,

sale of the Licensed Products and Material. Clause 11.1 of the License Agreement is set out below:- ,,,,,

11.1 Cessation. Upon the effective date of termination or expiration of the Agreement, Licensee (and its permitted successors and assigns) shall" ,,,,,

immediately discontinue all uses of the Licensed Property and shall immediately cease all manufacture, shipment, marketing, promotion, distribution," ,,,,,
display, and sale of the Licensed Products and the Materials (except for the sell-off rights in Section 11.5). In such event, Licensee shall and hereby" ,,,,,
does consent to the cancellation of any and all registrations of Licensee as a Registered User of the Trademarks and any other applicable IP Rights ,,,,,
and undertakes to execute forthwith upon request by Licensors any document necessary for that purpose. Licensee agrees that its failure to comply ,,,,,
with the provisions of this Section 11.1 shall cause irreparable injury to Licensors and Licensors shall be entitled to injunctive relief, in addition to any" ,,,,,
other remedies available to Licensors at law or in equity.â?? ,,,,,

28. It is clear from the above that with termination of the License Agreement, the defendant was obliged to cease manufacture, shipment, marketing" ,,,,,
promotion, distribution, display and sale of the Licensed Products and Materials. Thus, the defendant could no longer use the Licensed Property and" ,,,,,
sell any product bearing the REYNOLDS Trademarks. However, except to the limited extent as specified in the License Agreement, the defendant" ,,,,,
was not impeded in carrying on its business in Covered Products. The defendant was, thus, free to adopt a separate trademark for the products" ,,,,,
manufactured and distributed by it. ,,,,,

29. The plaintiffsâ? claim that the defendant was responsible for manufacturing, marketing, promoting and distributing plaintiffsâ? products under the" ,,,,,
REYNOLDS Trademarks under the License Agreement. However, this is not borne out by the express terms of the License Agreement. In terms of" ,,,,,
the License Agreement, the defendant could sell the Covered Products and use REYNOLDS Trademarks (Licensed Property) in respect of said" ,,,,,
products albeit with the prior approval of the Licensors. Clearly, the defendant manufactured the Products on its own behalf and not on behalf of the" ,,,,,
plaintiffs. The attendant risks of the business were also entirely borne by the defendant. The licensing arrangement was, essentially, to enable the" ,,,,,
defendant to use the REYNOLDS Trademarks for its products. ,,,,,

30. With the termination of the License Agreement, the defendant could no longer use the REYNOLDS trademarks for its products. However, it" ,,,,,
could not be interdicted from selling the products (as manufactured by it). The present passing off action must be considered bearing the aforesaid in ,,,,,

mind.,,,,,,

31. An action of passing off is an action in tort. It is an action to protect incorporeal property comprised of a reputation in goodwill that a person has.,,,,,

acquired in respect of its goods or services. The nature of this action was explained in H.P. Bulmer Ltd and Showerings Ltd v. J. Bollinger S.A. and.,,,,,

Champagne Lanson Pere et Fils: [1978] RPC 79 in the following words:-.,,,,,

“A man who engages in commercial activities may acquire a valuable reputation in respect of the goods in which he deals, or of the services which”,,,,,

he performs, or of his business as an entity. The law regards such a reputation as an incorporeal piece of property, the integrity of which the owner is”,,,,,

entitled to protect. This does not, of course mean that he is entitled to protection against legitimate competition in the market. If A’s goods have”,,,,,

acquired a reputation on the market connected with a particular name, mark or get-up, A cannot complain if the value of that reputation is depreciated”,,,,,

by B coming on to the market with similar goods which acquire a reputation which owes nothing to the name, mark or get-up associated with A’s”,,,,,

goods. A can, however, complain if B in the course of his operations uses in connection with his goods the name, mark or get-up associated with A’s”,,,,,

goods or one so closely resembling it as to be likely to lead to confusion on the market between the goods of A and those of B. By so doing B.,,,,,

wrongfully appropriates to himself part of the reputation belonging to A and so infringes the integrity of A’s property in that reputation.,,,,,

This proprietary right recognised by the law is not a right in the name, mark or get-up itself; it is a right in the reputation or goodwill of which the name”,,,,,

mark or get-up is the badge or vehicle: Singer v. Loog (1882) 18 Ch. D. 395, per Lord Justice James at 412; (1882) 8 A.C. 15, per Lord Chancellor”,,,,,

Selborne at 26, 27; Lord Watson at 38, 39; Burberrys v. Cording (1909) 26 R.P.C. 693, per Parker, J. At 701; A.G.Spalding Bros. V. A.W. Gamage”,,,,,

Ltd. (1915) 32 R.P.C. 273 PER Lord Parker at 284. Upon analysis it seems to me to be clear that in principle this must be so. If B has made use of a.,,,,,

name, mark or get-up which has become distinctive of A’s goods, B does not damage or interfere with A’s right or ability to use that name, marke”,,,,,

or get-up but he does, or may be likely to damage A in respect of his trade, that is to say, in respect of his, A’s enjoyment of an exclusive right to”,,,,,

make use on the market of the reputation of his goods. What is damages or

liable to be damaged is that reputation. It is this which A is entitled to have,,,,,
protected.,,,,,,

32. In order to successfully maintain an action against passing off, it is necessary for the claimant to establish the three essential elements, which are",,,,,

described in Reckitt & Colman Products Ltd v. Borden: 1990 RPC 341 HL in the following words:-,,,,,

â??First, he must establish a goodwill or reputation attached to the goods or services which he supplies in the mind of the purchasing public by",,,,,

association with the identifying â??get-upâ?? (whether it consists simply of a brand name or a trade description, or the individual features of labelling or",,,,,

packaging) under which his particular goods or services are offered to the public, such that the get-up is recognised by the public as distinctive",,,,,

specifically of the plaintiff's goods or services.,,,,,,

Secondly, he must demonstrate a misrepresentation by the defendant to the public (whether or not intentional) leading or likely to lead the public to",,,,,

believe that goods or services offered by him are the goods or services of the plaintiff.,,,,,,

Thirdly, he must demonstrate that he suffers or, in a quiati met action, that he is likely to suffer damage by reason of the erroneous belief engendered",,,,,

by the defendant's misrepresentation that the source of the defendant's goods or services is the same as the source of those offered by the plaintiff.â??,,,,,,

33. Bearing the aforesaid in mind, this court proceeds to examine the plaintiffsâ? case. The first and foremost aspect to be examined is the effect of",,,,,

the advertisement campaign undertaken by the defendant by engaging Mr Sachin Tendulkar. The defendant had run a successful advertisement,,,,,

campaign featuring Mr Sachin Tendulkar, an iconic cricketing personality, for sale of the Covered Products under the trademark REYNOLDS. The",,,,,

last of such advertisements were released sometime in June, 2014. Mr George Andrew Hartel (PW-1), who deposed on behalf of the plaintiffs, also",,,,,

confirmed this fact (response to question no. 177). Although, it was argued on behalf of the plaintiffs that Mr Sachin Tendulkar was engaged as a",,,,,

Brand Ambassador for REYNOLDS Trademarks, there is no material to support this assertion. Admittedly, Mr Sachin Tendulkar was engaged by the",,,,,

defendant to advertise and assist in marketing of the products manufactured by it. The defendant was obliged to spend 2% of the net sales per annum,,,,,

to support the sales of the Licensed products (Covered Products bearing REYNOLDS Trademarks). According to Mr George Andrew Hartel, PW-1," ,,,,,,

the expenditure incurred for advertisements featuring Mr Sachin Tendulkar was part of the expenditure required to be undertaken in terms of the ,,,,,,

License Agreement. It is, thus, clear that the expenditure was not for building REYNOLDS brands but towards marketing support for sales of the" ,,,,,,

Products, as expressly agreed in terms of the License Agreement." ,,,,,,

34. MR Hartel (PW- 1) has, along with affidavit of evidence, produced the story board of the advertisements for the writing instrument sold under the" ,,,,,,

brand name â??REYNOLDS Racer Gelâ?. The advertisement begins with boys playing cricket and Mr Sachin Tendulkar alighting from his car. The ,,,,,,

boys rush towards Mr Tendulkar and jostle with each other in their endeavor to be the first to meet him. In the process, one boy falls down. The" ,,,,,,

advertisement then shows Mr Tendulkar signing an autograph for one of the boys and then other boys rushing to get his autograph. The advertisement ,,,,,,

goes on to show the boy, who has obtained the autograph of Sachin Tendulkar, kissing the paper and putting it in his pocket. This is seen by one of the" ,,,,,,

other boys who has a hose pipe in his hands. That boy then proceeds towards the boy who had obtained the autograph from Mr Tendulkar, to douse" ,,,,,,

him with water. The advertisement then shows the drenched boy taking out a wet paper from his pocket and showing it to Mr Tendulkar. Mr ,,,,,,

Tendulkar then picks out a pen from his pocket and his voice over is heard stating â??Reynolds Racer Gel, water proofâ?. The boy unfolds the paper" ,,,,,,

and smiles as it still retains Mr Tendulkarâ??s autograph. ,,,,,,

35. As is apparent from the above, the said advertisement was for a specific model of a writing instrument then, sold under the trademark" ,,,,,,

â??REYNOLDS Racer Gelâ??. ,,,,,,

36. It is asserted on behalf of the plaintiffs that the aforesaid advertisement was very effective and had overwhelming recall particularly with children. ,,,,,,

It is contended on behalf of the plaintiffs that children who viewed the advertisement insisted on acquiring the pen that Sachin uses. This Court finds ,,,,,,

no reason to disbelieve this assertion. Undisputedly, the advertisements were as effective as claimed." ,,,,,,

37. As stated earlier, the advertisement for Products bearing the REYNOLDS Trademarks were last released in June, 2014." ,,,,,,

38. In 2016, the defendant once again commenced an advertisement campaign featuring Sachin Tendulkar. However, this time, it was for its",,,,,

trademark RORITO. The advertisement campaign was preceded by several teasers featuring Sachin Tendulkar with his voice over stating,",,,,

â??Success needs changeâ? and â??I am ready for change. Are you?â? Another teaser featured Sachin Tendulkar addressing a large audience. His,,,,,

voice over is heard stating that a bright future requires change and he states: â?? I am ready for change, Are you?â?. This is in the back drop of a",,,,,

wall paper on which the words â??futureâ? and â??changeâ? are written. The third teaser shows Mr Tendulkar standing in a stadium with a number,,,,,

of children and addressing a large audience. The teaser shows the children standing in a formation that reads as the word â??CHANGEâ?. This is,,,,,

accompanied by Mr Tendulkarâ?s voice over stating: â??They are the change. They are ready for change. Are you?â?. It is material to note that,,,,,

none of the said teasers referred to any brand or trade name. They neither mentioned RORITO nor REYNOLDS.,,,,,

39. The Â allegedly Â offending Â advertisement Â shows Â Sachin Tendulkarâ?s standing in a packed stadium with the audience repeatedly,,,,,

cheering, â??RORITOâ?. Mr Sachin Tendulkar is heard stating â??I am ready for the change. Are you?â? Mr Tendulkar then states â??Lets write",,,,,

the newâ? while the crowd continues to cheer RORITO. The next shot indicates Sachin addressing a large audience and stating, â??Yes, itâ?s",,,,,

changedâ? and â??my favourite pen has a new name â?" RORITOâ?. Then, Sachin Tendulkar is shown writing the words â??write the newâ? on a",,,,,

writing pad bearing the RORITO Logo. This is followed by a display of different models of pens bearing the trade mark RORITO while the crowd,,,,,

continues to cheer RORITO with Sachin Tendulkarâ?s voice over saying â?? RORITO, Lets write the newâ??.",,,,,

40. As is apparent from the above narration, this advertisement does not refer to the brand name REYNOLDS at all. The plaintiffs urge that this",,,,,

amounts to passing off as according to them, the advertisement communicates a message that the tradename REYNOLDS has changed to RORITO.",,,,,

They claim this entitles them for an order restraining the defendant from using its trademark RORITO.,,,,,

41. This Court finds it difficult to accept the above contention. First of all, the advertisement does not, at any stage, mention the brand name",,,,,

REYNOLDS. It only mentions the brand name RORITO. However, it does indicate that there has been a change. The advertisement simply states",,,,,,

that Sachin's favourite pen (which is presumably a pen bearing the Mark REYNOLDS) has a new name. At best, the message is that, writing",,,,,,

instruments that were marketed and sold by the defendant under the trademark REYNOLDS are now marketed under the brand name RORITO.,,,,,,

42. Mr Chandra earnestly contended that this message itself would amount to passing off, as the defendant is precluded from claiming that the goods",,,,,,

manufactured by it and marketed under the trademark REYNOLDS, were its goods. He referred to the decision of the Supreme Court in Laxmikant",,,,,,

V. Patel v. Chetanbhai Shah and Anr.: AIR 2002 Supreme Court 275; the decision of the Division Bench of this Court in B.K. Engineering Company.,,,,,,

v. U.B.H.I. Enterprises: AIR 1985 Delhi 210 and the decision of the UK High Court in Handi- Craft Company, New Vent Designs, Inc. v. B Free",,,,,,

World Limited,; (2005) EWHC 1307 (Pat) in support of his contention." ,,,,,,

43. The law, as explained in the aforesaid decisions, will be referred to shortly. However, before proceeding to do so, it is necessary to observe that",,,,,,

one of the necessary elements of passing off is misrepresentation. In order to successfully establish a case of passing off, it is necessary for the",,,,,,

claimant to establish that a false or deceptive statement was made. In the present case, it is difficult to accept that the defendant had made any false",,,,,,

or untrue statement. As noticed above, the writing instruments, which were referred to as "Covered Products" under the License Agreement," ,,,,,,

were manufactured and marketed by the defendant.,,,,,,

44. The said goods (Covered Products) bore the REYNOLDS Trademarks, which were licensed to the defendant. Schedule D to the License",,,,,,

Agreement expressly required the defendant to state that "REYNOLDS® is a trademark of REYNOLDS SAS, used with permission by GM" ,,,,,,

Pens as the Licensed User. It is not in dispute that the packaging of the goods (the Products) manufactured by the defendant complied with the",,,,,,

aforesaid requirement. It was clearly stated on the packaging that the product was manufactured and marketed by the defendant and that",,,,,,

REYNOLDS was a trademark of REYNOLDS S.A.S. and was used with permission by the defendant as the Licensed User.,,,,,,

45. The contentions advanced on behalf of the plaintiffs are premised on the

basis that once a product manufactured by the defendant bears the,,,,,
trademark of the plaintiffs, it ceases to be the defendant's product and the
defendant forfeits its right to claim any goodwill in relation to that product." ,,,,,
Mr Chandra sought support for this view by referring to Clause 7.1 and 7.2 of the
License Agreement. However, this Court finds the aforesaid" ,,,,,
contention unpersuasive. Merely, because the product bears the trademark
REYNOLDS, does not preclude the defendant from asserting that it is a" ,,,,,
product manufactured by it.,,,,,
46. It was contended on behalf of the plaintiffs that plaintiffs had also played a
substantial role in the manufacture of the products in question and had,,,,,
further supplied technology for the same. However, there is insufficient evidence
to establish the same and the said contention cannot be accepted." ,,,,,
The plaintiffs had sought to establish their involvement in the manufacturing by
contending that the subsidiary of Newell Group (Reynolds India Pvt.,,,,,
Ltd.) had supplied pen tips to the defendant. The attention of this Court was also
drawn to the testimony of PW1 inasmuch as he has stated this fact in,,,,,
response to the questions (Question Nos. 55, 56 and 57) put to him during his
cross-examination. However, this Court is unable to accept that supply" ,,,,,
of pen tips to the defendant established any involvement to the plaintiffs or was
in connection with the License Agreement. First of all, there are no" ,,,,,
pleading to the aforesaid effect in the plaint. Secondly, it is also established that
a transaction for purchase of pen tips was a separate transaction for a" ,,,,,
separate and independent consideration. There is also evidence to indicate that
the pen tips had been supplied even after the License Agreement had,,,,,
been terminated. DW1 has also testified that the defendant had been purchasing
components from other foreign entities as well. More importantly," ,,,,,
there has been no material that has been placed on record that would even
remotely suggest that the plaintiffs were involved in any manner in the,,,,,
manufacture and distribution of the products in question. Although, the License
Agreement specifically required the defendant to submit samples of" ,,,,,
products and seek approval from the licensor. The licensor was also required to
play certain role as far as the quality control is concerned. However," ,,,,,
there is no material on record to establish that the plaintiff had played any role in
this regard nor are any pleadings to this effect in the plaint. DW1 has,,,,,
testified that in fact both the parties had not followed the requirements under the

License Agreement. In view of the material and evidence placed on,,,,,
record, this Court is of the view that apart from granting the license with regard
to certain designs and trademarks, the plaintiffs effectively played no",,,,,
role in the manufacture and distribution of the products in question.,,,,,

47. There is also no material to indicate that the plaintiffs had independently
advertised any of the products in question. The entire activity of,,,,,
manufacturing, advertising, marketing and selling the Licensed Products was
carried out by the defendant. There is also no material to establish that",,,,,
the plaintiffs had provided any designs for packaging of the products in
question.,,,,,

48. The defendant not only carried out the manufacturing and marketing
activities, it also bore all risks attended thereto including product liability. It
is",,,,,

relevant to note that the defendant had also indemnified the Licensor and its
officers against any litigation or claim by third parties in regard to the,,,,,

License Products/Licensed Property.,,,,,

49. As noticed above, the License Agreement was not an agreement for any
technology transfer or for providing any products to the defendant. The",,,,,

plaintiffs have permitted the defendant to use their mark in consideration for
certain Royalty. The REYNOLDS Trademarks were, undoubtedly, one",,,,,

of the resources used by the defendant in pursuing its business. However, the
defendant did not lose its right to goodwill in the business merely by",,,,,

using the plaintiffs's trademarks. Clauses 7.1 and 7.2 of the License Agreement
do not, in any manner, preclude the defendant from asserting itself to",,,,,

be the manufacturer of products manufactured by it. In terms of Clause 7.1, the
defendant is precluded from questioning the right, title and interest of",,,,,

the plaintiffs in the "Licensed Property"; that is, the trademarks and IPR
licensed to the defendant in terms of the License Agreement. Thus, the",,,,,

plaintiffs cannot claim any right, title or interest in the REYNOLDS Trademarks
even though the said trademarks have been used by it in connection",,,,,

with the products manufactured by it. The defendant had also agreed and
undertaken not to apply or seek registration of any Licensed Property or,,,,,

Mark, name or logo or device in respect of any of the Covered Products, which
are likely to cause confusion by comparison with any of the",,,,,

trademarks included as a part of the Licensed Property. The parties had also

agreed that goodwill associated with the Licensed Property would vest,,,,,
with the plaintiffs.,,,,,,

However, the defendant did not forfeit its right in respect of goodwill of its own business. Merely because the defendant had used the REYNOLDS" ,,,,,,

trademarks (the right to which was acquired for good consideration) does not oblige the defendant to disown the business and the proprietary right in,,,,,
the products manufactured by it.,,,,,,

50. In Laxmikant V. Patel (supra), the Supreme Court had held as under:-" ,,,,,,

â??10. A person may sell his goods or deliver his services such as in case of a profession under a trading name or style. With the lapse of time such,,,,,

business or services associated with a person acquire a reputation or goodwill which becomes a property which is protected by courts. A competitor,,,,,

initiating sale of goods or services in the same name or by imitating that name results in injury to the business of one who has the property in that,,,,,

name. 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 the 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.â?? ,,,,,,

51. There is no dispute as to the proposition that the law does not permit anyone to carry on its business in any manner that would persuade its custom,,,,,

or clients in believing that the goods or services belonging to someone else are his or are associated therewith. But, surely, this would not preclude a" ,,,,,,

person from claiming that his goods are his own goods even though the same may adversely affect the business of another. Concededly, the goods" ,,,,,,

bearing the trademark REYNOLDS, which were advertised through advertisements featuring Mr Sachin Tendulkar, were products manufactured and" ,,,,,,

marketed by the defendant and, therefore, nothing precludes the petitioner from claiming it as its products. Thus, the message that its goods now have" ,,,,,,

a new name (Sachin's favourite pen has a new name) is not untrue.,,,,,

52. The limited issue to be addressed is whether the defendant is selling its goods as that of the plaintiffs. It is difficult to accept that by the,,,,,

advertisements in question, the defendant has sought to market its goods as that of the plaintiffs. It seeks to sell its goods under its brand name" ,,,,,

RORITO, which, admittedly, is not the trademark of the plaintiffs." ,,,,,

53. There is a material difference between a business model, where the owner of a trademark purchases products from manufacturers, affixes its" ,,,,,

trademark on such products and sells them to its customers and a business model where the owner of a trademark licenses the trademark to a ,,,,,

manufacturer for consideration. The goods in the former case are that of the owner of the trademark and, in the latter case, the goods are that of the" ,,,,,

manufacturer. Mr Chandra had emphatically contended that the goods manufactured and sold by the defendant were that of the plaintiffs. The said ,,,,,

contention is erroneous. The products in question belonged to the defendant, albeit sold under the trademark of the plaintiffs. The risks attendant to" ,,,,,

manufacturing and selling the Products rested with the defendant. The products in question were not manufactured or marketed on behalf of the ,,,,,

plaintiffs. This Court finds nothing illegal in the defendant holding out that his goods, which it had sold under the brand name REYNOLDS are now" ,,,,,

being sold under another trademark. ,,,,,

54. The decision in the case of Handi-Craft Company, New Vent Designs, Inc. v. B Free World Limited (supra) is not applicable in the facts of the" ,,,,,

present case. In that case, the plaintiff (Handi-Craft Company) was, admittedly, the proprietor of feeding bottles, which were designed to be easier for" ,,,,,

use by infants who are likely to suffer from colic. The second plaintiff therein also held a patent in respect of the baby feeding bottles, which" ,,,,,

incorporated a mechanism to ensure that air pressure is maintained evenly on either side of the teat. The said product was distributed in the United ,,,,,

Kingdom under the name ,,,,,

Dr. Brown's Natural Flow?. This was under a license agreement entered into by Handi-craft company with another company named Action ,,,,,

Trading SA. Subsequently, the license to distribute the said product was terminated. This led to disputes between the plaintiffs and Action Trading SA." ,,,,,

The litigation was decided in favour of the plaintiffs. ,,,,,

55. The subject dispute related to another feeding bottle, which was similar in design. The distribution of that bottle was commenced by another",,,,,

company also known as Action Trading Limited. The distribution was subsequently taken over by one B Free World Ltd. (the defendant) and the,,,,,

product was sold under the Trademark "B Free". The Court, prima facie, found that the logo "B Free" was deceptively similar to the Logo",,,,,

Doctor Brown's, used on the feed bottles of the plaintiffs. The Court also noticed that the B Free bottles were sold in mother care shops, which bore",,,,,

a prominent sign that indicated Doctor Brown's logo on the left hand side and the logo of the B Free Bottle on the right hand side. In between the,,,,,

two logos, the words "has now changed to" were inserted. Thus, there could be no dispute that the message communicated by the defendant",,,,,

(therein) was that the Doctor Brown's Trademark had changed to "B Free" Trademark. B Free World Limited had never manufactured or sold,,,,,

feed bottles under the Trademark "Dr. Brown's Natural Flow",,,,,

56. As noticed above, in the present case, it is difficult to accept that the message communicated by the defendant is that the trademark REYNOLDS",,,,,

has changed to RORITO. As mentioned above, this Court is also unable to accept that the defendant has made any untrue statement in its",,,,,

advertisement.,,,,,

57. Mr Sethi had referred to several decisions including Starbucks (HK) Limited and another v British Sky Broadcasting Group PLC and others:,,,,,

[2015] UKSC 31; Scandecor Development AB v. Scandecor Marketing AB and Another: [1999] F.S.R. 26; Wienerwald Holding A.G. v. Kwan.,,,,,

Wong. Tan and Fong (A Firm): [1979] F.S.R. 381 in support of his contention that the plaintiffs did not have any goodwill in India. He contended that,,,,,

since the plaintiffs did not directly carry on any business in India, they could not maintain an action of passing off. Mr Sethi also contended that there is",,,,,

a difference between reputation and goodwill and unless the plaintiffs are able to establish that they have carried on any business in India, they would",,,,,

not be entitled to maintain an action of passing off. This contention was countered on behalf of the plaintiffs on two fronts. First, it is claimed that the",,,,,

plaintiffs have goodwill in India as is expressly agreed between the parties under Clause 7.1 of the License Agreement. It is asserted that since it is,,,,,

acknowledged that the Licensor is the sole owner of the goodwill associated with

the Licensed Property, such goodwill cannot exist in a vacuum",,,,,

without reference to the product. The plaintiffs have a goodwill, which requires protection by the present action. Second, it is contended that in India,",,,,

an injunction to protect trans-border reputation is also maintainable.,,,,,

58. Mr Sudhir Chandra had referred to the decision of the Supreme Court in *Milmet Oftho Industries & Ors. v. Allergan Inc.*: (2004) 12 SCC 624 and,,,,

the decision of this Court in *Apple Computer Inc. v. Apple Leasing and Industries*:1992 (1) Arb.L.R 93 in support of his contention.,,,,,

59. There is a difference between "reputation" and "goodwill" as explained by the Division Bench of this Court in *Intex Technology (India) Ltd. and Anr. v. M/s AZ Tech (India) and Anr.*: 2017 (239) DLT 99. Indisputably, certain goodwill within the jurisdiction in which an action for",,,,,

passing off is instituted, is necessary to maintain such action. The classic definition of goodwill as provided in the case of *IRC v. Muller and Co*",,,,,

Margarine Ltd.: 1901 AC 217, is "the attractive force which brings in custom". In *Intex Technology (India) Ltd. and Anr.*(supra), the Division",,,,,

Bench of this Court referred to the text in *Kerly's Law of Trademarks and Trade names*, wherein the above definition had been noted and held as",,,,,

under:-,,,,

"21. The above extract makes it clear that goodwill in the jurisdiction is a necessary ingredient of the tort of passing off and that although goodwill,,,,

and reputation are closely linked, they are not necessarily the same thing. For example, an internationally known mark may have a reputation in this",,,,,

country, but yet have no goodwill because there are no sales of the product under that mark in this country. In the above extract, it has been clearly",,,,,

indicated that goodwill is the attractive force which brings in custom and is a form of legal property representing the connection between the business,,,,

and customer. Whereas, reputation is a matter of fact and its existence does not require that there should be a business in this country. However,",,,,

there must be some business or market in this country for goodwill to exist.,,,,,

22. Based on the submissions made by the learned counsel for the parties, this much is clear that the establishment of goodwill is an essential",,,,,

ingredient of the tort of passing off. There is also a clear distinction between reputation and goodwill. Thus, while the respondents and, in particular,",,,,

the respondent No.2 may have a reputation in Hong Kong or in other parts of the

world insofar as its mark "AQUA" is concerned, it cannot be" ,,,,,

regarded as having a goodwill in India unless and until there are sales and an established market in India. It is also evident that insofar as a registered ,,,,,

trade mark is concerned, the property exists in the mark, but in the case of passing off, the property is not in the mark but in the goodwill. The" ,,,,,

establishment of goodwill is indicated by the extent of sales and the advertising expenses etc. We agree with Mr Sudhir Chandra that the decision in ,,,,,

Century Traders (supra) may have been misunderstood and perhaps misapplied in a number of cases. ,,,,,

23. Proprietorship of a trade mark and goodwill in respect of a mark are entirely different concepts. Insofar as a trade mark is concerned, it is" ,,,,,

acquired eo instanti. A single use or a short use, insofar as proprietorship of the mark is concerned, may be sufficient but, it is not so in the case of" ,,,,,

establishing goodwill in respect of that mark. Insofar as the question of goodwill in the present case is concerned, we find that as on August, " ,,,,,

2012, when Intex started selling its mobile phones under the mark, "AQUA", it cannot be stated with any degree of confidence that the mark" ,,,,,

"AQUA" had acquired a goodwill or reputation in respect of the respondents mobile phones. The property which is protected in an action of ,,,,,

passing off is not the plaintiff's proprietary right in the mark which the defendant allegedly misappropriates, but the goodwill and reputation of his" ,,,,,

business, which is likely to be harmed by the defendants misrepresentation (see: Reddaway v. Banham [1896] AC 199; A.G. Spalding & Bros v. " ,,,,,

Gamage Ltd: [1915] 32 RPC 273 and Harrods Limited v. Harrodian School Limited: 1996 RPC 697. ,,,,,

60. However, in the present case, the plaintiffs have established that there is a business in India in relation to the REYNOLDS Trademarks. One has" ,,,,,

only to ask the question as to why the defendant was willing to pay royalty for use the REYNOLDS Trademarks. The answer would make it clear ,,,,,

that using such trademark did provide an advantage to the defendant to market the Products. The defendant had also acknowledged that its use of the ,,,,,

REYNOLDS Trademarks would inure to the benefit of the Licensor and the goodwill in the Mark would vest with the Licensor. Thus, it is" ,,,,,

indisputable that there is certain amount of reputation and goodwill attributable to the REYNOLDS Trademarks. The said trademarks also have ,,,,,

presence in India by virtue of the defendant manufacturing and marketing pens under the said trademarks. Therefore, this court is not persuaded to" ,,,,,

accept the contention that the plaintiffs cannot maintain this action for protection of the goodwill attributable to the REYNOLDS Trademarks.,,,,,

61. The Division Bench of this Court in Trans Tyres India Pvt. Ltd. v. Double Coin Holdings Ltd. and Anr: 2012 (49) PTC 209 (Del) had ,,,,,

unequivocally held that the issue as to the goodwill must be considered with reference to "who owns the goodwill in the mark". In this case, the" ,,,,,

goodwill of the REYNOLDS Trademarks is indisputably held by plaintiff no.2.,,,,,

62. The next question to be examined is whether the Marketing Conference held at Kolkata established that the defendant had trained its sales team ,,,,,

distributors to mislead the consumers into believing that the trademark RORITO was indeed the changed name of REYNOLDS.,,,,,

63. The video clip of the said conference, as downloaded from the internet (Youtube) has been produced. It is clear from the video recording that the" ,,,,,

said conference was an internal conference to deal with the situation that had arisen as a result of the defendant adopting the RORITO Mark instead ,,,,,

of the REYNOLDS Mark. The officials and employees of the defendant company had a mock session anticipating the questions that they may face ,,,,,

from the dealers. Mr Chandra had selectively referred to certain questions and the answers provided, in order to put forth the case that the defendant" ,,,,,

was deliberately attempting to mislead the public that the brand name REYNOLDS has changed to RORITO. In particular, Mr Chandra had referred" ,,,,,

to the conversation, the ready translation of which reads as under:-" ,,,,,

"Salesman:- Rai babu will you be able to sell or not?" ,,,,,

Retailer : "Whether I can sell or not comes later".before material used to get sold on the name of Reynolds.,,,,,

Salesman:- So now"everything will be fine...in place of the name Reynolds only Rorito will come"now look look look"look at this pen"then you ,,,,,

will understand"which pen is this? Look from a distance"tell which pen is this?" ,,,,,

Retailer: This is Trimex.,,,,,

Salesman: Trimex"now look what are the changes? ,,,,,

Tell me? ,,,,,

Retailer: Everything is fineâ?I donâ?t have to writeâ?Iâ?,,,

Salesman: You write and seeâ?I what are the changes?,,,

Person standing next to Retailer: Ohhâ?I everything is the same except the name!,,,

Salesman: Yesssâ?I thatâ?s the mix up! Now you are saying the right thing.â?,,,

64. The recording of the said conference must be viewed in its context. First of all, it is not disputed that the said recording was not for public" ,,,,

consumption. It was, admittedly, an internal meeting of the defendant company. The marketing personnel of the defendant company were dealing with" ,,,,

the situation where the defendant was now to sell and market its product under the brand name RORITO instead of REYNOLDS, which it had done" ,,,,

for the past over three decades. The statements made at the said conference are not public representations and, therefore, would not be material to" ,,,,

determine the question whether the defendant was passing off its goods.,,,,

65. Notwithstanding the above, it is also important to view the entire story board in its perspective and pieces of the conversation cannot be read in" ,,,,

isolation. A plain reading of the story board (Ex. PW1/36) of the conference in question clearly indicates that endeavor of the defendant was ensure ,,,,

that its employees/agents communicate to the trade that the defendant company and its products remain the same except that the brand has changed.,,,,

This is plainly evidenced from the responses made by the person playing the role of the salesman, which are set out below:-" ,,,,

â?¢ â??Reynolds would not be there! Yes yes..right right.. our brand is changing. Reynolds brand wont be there..that is all..nothing elseâ?I everything ,,,,

else will remain the way it was beforeâ?I ,,,,

â?¢ What will come..meaningâ?I in place of Reynolds brand we are launching a different brand ..whose name is Roritoâ?I that will remain...nothing ,,,,

else will change.,,,,

â?¢ That is fineâ?I we people have a new brand Rorito. Reynolds was only our brand. G.M. Pens is like our familyâ?I G.M. Pens as a familyâ?I their ,,,,

brand name was Reynoldsâ?I now after itâ?I comes our Rorito.,,,,

â?¢ No Noâ?I we have T-Max nowâ?I now Rorito has come.,,,,

It is T-Max nowâ?I what you heard is absolutely rightâ?I you look at the products

onceâ?|there is no difference between Trimax and T-Maxâ?|just that,,,,,
qualityâ?|everything is fineâ??.,,,,,

â?¢ No duplicate neverâ?|.even for that manufacturer was G.M. Pens Private Ltd.â??.,,,,,

66. The next issue to be examined is whether the defendant had run a media campaign on Facebook (a social media platform), which according to the",,,,,
plaintiffs, was calculated to misrepresent to the public at large that the trade name/trademark REYNOLDS had changed to RORITO. In this regard," ,,,,,

the plaintiffs had relied upon certain Facebook pages (PW1/26, PW1/27, PW1/33, PW1/34 and PW1/35)." ,,,,,

67. Exhibit PW1/26 and PW1/27 are the Facebook pages of â?¢PENs writing worldâ?. A plain view of the said pages also indicates that it carries,,,,,

links / advertisements of other entities such as â?¢ABC School Bags & Luggage Pvt. Com.â? and â?¢Cello Bicâ? (which is stated to be a,,,,,

competitor to both plaintiffs as well as the defendant). The learned counsel for the plaintiffs had referred to the question posted by one Mr Hardik,,,,,

Arora on the said site. Mr. Arora stated that he had bought a Rorito T-Max Pen, which resembled Reynolds Trimax. He had then raised a query" ,,,,,

whether they are the same. The administrator/account holder â?" â?¢PENs writing worldâ? â?" had responded to the aforesaid query in the,,,,,

affirmative. The said post by Mr Arora also contains a comment from one Mr Ayush Chouhan, inter alia, stating â?¢Now that the company has" ,,,,,

changedâ?. In response to the said comment, there is another comment by a third person that reads, â?¢everything is same only brand name" ,,,,,

changed.â??.,,,,,

68. These pages relating â?¢PENs writing worldâ? are of little assistance to the plaintiffs in establishing their case. First of all, there is no evidence or" ,,,,,

material to establish that the defendant had set up the said Facebook accounts. DW-1 had deposed that these are not the exclusive pages of the,,,,,

defendant. The learned counsel for the defendant had also, during the course of arguments, handed over print out of pages available on Facebook" ,,,,,

purporting to be Facebook accounts of the Delhi High Court and the Supreme Court. It does appear that such pages are generated by the social media,,,,,

platform itself. As noticed above, the pages of â?¢PENs writing worldâ? also appear to be a general account. It is not exclusive to the defendant." ,,,,,

69. PW1/33, PW1/34 and PW1/35 are the Facebook pages of G.M. Pens International Pvt. Ltd. Some of the pages also indicate the photographs of" ,,,,,

the range of pens launched under the brand name RORITO.,,,,,

70. Insofar as the Facebook account in the name of G.M. International Pvt. Ltd. is concerned, the same does not appear to be carrying any post," ,,,,,

which is offensive to the plaintiffs. On the contrary, the said Facebook pages indicate the corporate name of GM Pens International Pvt. Ltd. and" ,,,,,

further indicate that the said company has launched RORITO. The plaintiffs can have no legitimate grievances in that regard.,,,,,

71. It is also necessary to mention that the plaintiffs have also produced Facebook pages of the defendant (PW1/28 to PW1/32). It is seen that several ,,,,,

persons have posted queries on the said Facebook pages, which are, admittedly, virtual assets of the defendant. It is seen that the defendant's" ,,,,,

standard response to the queries is" which is repeated several times is" reads as under:- ,,,,,

"G.M. Pens used to manufacture the pen you are referring to. But now they have changed the name of Rorito." ,,,,,

72. This is also the stand of the defendant before this Court is" the defendant had acquired the license to use the brand name REYNOLDS and after ,,,,,

the termination of the License Agreement, has adopted another brand name for its products named is"RORITO". As observed above, this" ,,,,,

statement cannot be interpreted to mean that tradename/trademark is" REYNOLDS" had changed to is"RORITO". ,,,,,

73. DW1 has also produced a print out from the website www.reddit.com where certain persons had posted questions about is"Reynolds" and ,,,,,

is"Rorito". Reddit.com is also one of the popular social/ news sites. The responses put up at that website plainly clarify that the Licence Agreement ,,,,,

between Reynolds and GM Pens was terminated and, therefore, GM Pens had come up with the name RORITO. One of the persons has also posted" ,,,,,

an email received from the defendant in regard to such queries. In addition, DW1 has also produced newspaper reports including one published on" ,,,,,

08.05.2016 in a National Daily is"Economic Times", wherein it was reported that the defendant had decided to stop manufacturing products under" ,,,,,

the brand name Reynolds and was now selling under its own brand is"Rorito". Some of the said reports also quote the statements to the aforesaid ,,,,,

effect made by the Managing Director of the defendant. Plainly, if the object of the defendant was to teach the public at large that brand",,,,,

REYNOLDS brand has changed to brand RORITO â?" as is alleged by the plaintiffs â?" such clarifications would not be issued in the Media.,,,,,

74. It is also be important to note that open social media platforms are also available to the plaintiffs and if the plaintiffs felt that certain posts were,,,,,

inaccurately describing what had happened on ground, it was always open for the plaintiffs to issue clarifications on such open platforms. Plainly,",,,,

nothing prevented the plaintiffs from clarifying that RORITO was not the changed name of REYNOLDS. There is nothing in the voluminous material,,,,,

that has been produced by the plaintiffs to suggest that the plaintiffs had issued any clarification at the material time.,,,,,

75. This Court is of the view that the material and evidence placed on record is wholly insufficient to draw the conclusion that the defendant had,,,,,

embarked on a calculated campaign to teach the public that the trademark REYNOLDS had changed to RORITO and its products sold under the,,,,,

name RORITO were, in fact, goods of the plaintiffs.",,,,,

Plaintiffs,"Date of

application","TM

number",Mark,,

G.M. Pens

International

P. Ltd.",15/12/1997,782302,WRITESITE (Word),,

G.M. Pens

International

P. Ltd.",21/01/1998,788551,WRITESITE (LOGO),,

G.M. Pens

International

P. Ltd.",08/09/2004,1301347,WRITESITE (word),,

G.M. Pens

International

P. Ltd",25/05/2006,1457863,WRITE SPIRIT Label,,

87. The trademarks WRITESITE (word) bearing registration no. 782302 and 1301347 and the WRITESITE (LOGO) (bearing registration no.,,,,,,

788551) are, hereafter, referred to as "WRITESITE trademarks". The plaintiffs have founded their claim of ownership of the WRITESITE",,,,,

trademarks on the premise that the same have been used in conjunction with the trademark REYNOLDS and, therefore, in terms of the License",,,,,

Agreement, the WRITESITE trademarks vest with the plaintiffs.",,,,,

88. It is apparent from the material and evidence placed on record that the WRITESITE trademarks were adopted for use in respect of certain stores,,,,,

for retailing writing instruments. Mr Vijaya Madhava, the company Secretary of the defendant (DW 1) has, in his affidavit, affirmed that in and",,,,,

around the year 1997, the defendant had decided to sell writing instruments through its own stores apart from selling the same in open market. To",,,,,

implement the same, the defendant had started a chain of stores under its retail division (hereafter referred to as "WRITESITE stores"). There is",,,,,

no dispute that, in fact, the WRITESITE trademarks were used in connection with a chain of retail outlets "WRITESITE Stores" which were",,,,,

operated by the defendant either directly or through franchises. However, there is a dispute whether WRITESITE Stores were exclusive stores for",,,,,

selling the Licensed Products under the REYNOLDS trademarks. Whereas the plaintiffs claim that the WRITESITE Stores were exclusive stores for,,,,,

retailing products bearing the REYNOLDS trademarks, the defendant disputes the same.",,,,,

89. The plaintiffs rely on a news article published in Economic Times on 08.05.2016, quoting the Managing Director of the defendant as stating:",,,,,

"in Writeseite also we had restrictions in having only Reynolds branded pens but hereafter it will have premium pens as well like watermans",,,,,

sheaffer". The plaintiffs also rely upon a printout from the website www.reynolds.india.com, indicating the address of a retail store as "Reynolds",,,,,

WRITESITE exclusive outlet",,,,,,

The defendant, on the other hand, has produced irrefutable evidence to show that the WRITESITE Stores were also retailing products other than the",,,,,

products bearing the REYNOLDS trademarks. DW1 has produced a large number of invoices (DW 1/8) indicating sale of several stationery products,,,,,

other than the Licensed Products. PW 1/3 Mr Pankaj Gupta (PW 3), who is stated to have visited a few of the WRITESITE Stores also admitted, in" ,,,,,

his cross-examination (in response to question no.8), that he also saw products other than products bearing the REYNOLDS trademarks in the store." ,,,,,

It is also relevant to note that the aforesaid news article relied upon by the plaintiffs (PW 1/66) also clearly mentions that the defendant is in the ,,,,,

process of rebranding WRITESITE as WRITESITE RORITO. In view of the material and evidence placed on record, this Court is unable to accept" ,,,,,

that WRITESITE Stores were exclusive stores for selling products bearing the REYNOLDS trademarks. ,,,,,

90. The principal question that needs to be addressed is whether the plaintiffs have acquired propriety right in the WRITESITE trademarks by virtue ,,,,,

of the License Agreement. It is important to note that there is no controversy that the registration of the trademark WRITESITE (word mark) relates ,,,,,

back to 15.12.1997. The WRITESITE trademarks have been registered in favour of the defendant for about two decades; that is, much prior to the" ,,,,,

parties entering into the License Agreement. It is also important to note that it is an admitted position that prior to filing of the suit, the plaintiffs had" ,,,,,

never claimed any right in the WRITESITE trademarks. PW 1, in response to question no.1, clearly admitted that the issue had come up for the first" ,,,,,

time only in the present suit. I am of the opinion that in view of the uninterrupted use of the WRITESITE trademarks by the defendant as itâ's own ,,,,,

trademark, it would not be open for the plaintiffs to now assert any rights with respect to the same. Even in the communications issued after" ,,,,,

termination of the License Agreement, the plaintiffs did not claim any right in the WRITESITE trademarks. Their case is clearly an afterthought and" ,,,,,

probably developed only at the time of filing of the suit. ,,,,,

91. Having stated the above, it is also necessary to examine the basis on which the plaintiffs have founded their claim. It is contended on behalf of the" ,,,,,

plaintiffs that since the trademark REYNOLDS was used in conjunction with WRITESITE trademarks, the same would fall within the definition of" ,,,,,

the expression â'Work Product' and, therefore, the plaintiffs are entitled for assignment of the WRITESITE trademarks in terms of Clause 7.8 of" ,,,,,

the License Agreement. ,,,,,

92. Clause 1.10, 1.11 and Clause 7.8 of the License Agreement are set out below: -",,,,,

1.10 Trademarks means the trademarks of Licensor that are listed in Schedule B-1 Schedule B-2 and Schedule B-3.,,,,,

1.11 Work Product means any artwork, design, image, concept, trademark, trade dress, trade secret, copyright, patent or invention (whether",,,,,

patentable or not) created, developed or otherwise acquired by Licensee or any third party hired by Licensee that either incorporates the Trademarks",,,,,

or is used in connection with the manufacture, marketing promotion, distribution or sale of the Licensed Products.",,,,,

xxxx xxxx xxxx xxxx.,,,,,

7.8. Work Product. To the extent any Work Product qualifies as a work made for hire under applicable copyright law. Licensee agrees that",,,,,

such Work Product shall be a work made for hire owned by Licensor. Licensee irrevocably assigns to Licensor all right, title and interest (including",,,,,

without limitation all patent, copyright and trademark rights therein) in and to the Work Product, including but not limited to the rights to use, reproduce",,,,,

represent, adapt and transform the Work Product under any form, in any manner and by any means without any geographical limitation and for the",,,,,

legal duration of these rights. This assignment extends to all patrimonial rights on the Work Product. The Licensee also waives any and all moral rights",,,,,

on the Work Product to the extent it is possible to do so under applicable laws. Licensee shall take all actions reasonably required by Licensor to",,,,,

secure and perfect its title to such Work Product. If particular Work Product is created by a third party, Licensee shall cause such third party to",,,,,

assign all rights in such Work Product to Licensee so that Licensee is able to assign such rights. to Licensor under this Section 7. To the extent that",,,,,

any such assignment is not effective under applicable law. Licensee grants to Licensor an irrevocable, perpetual, royalty-free, worldwide, exclusive",,,,,

license to use, reproduce, represent, adapt, modify, transform in any manner, under any form and by any means, make, distribute, import, publish and",,,,,

sell the Work Product and to permit others to do the same.",,,,,

93. A plain reading of Clause 1.10 and 1.11 of the License Agreement indicates that in order to for any trademark to fall within the scope of the",,,,,

expression Work Product, it is necessary that the said trademark either

incorporates the trademarks as set out in Schedule B-1, Schedule B-2" ,,,,,
or Schedule B-3 of the License Agreement or is used in connection with the
manufacture, marketing, promotion, distribution or sale of the Licensed" ,,,,,
Products.,,,,,

94. Plainly, the WRITESITE trademarks do not incorporate any of the trademarks
as listed in Schedule B-1, B-2 or B-3 of the License Agreement." ,,,,,

Therefore, the only aspect that remains to be examined is whether the
WRITESITE trademarks were used in connection with the manufacture," ,,,,,

marketing, promotion, distribution or sale of the Licensed Products. The plaintiffs
claim that it is so, essentially, for three reasons. First, they claim that" ,,,,,

the WRITESITE trademarks were used in connection with the exclusive stores for
selling products bearing the trademark REYNOLDS and," ,,,,,

therefore, there is a direct connection between the WRITESITE trademarks and
the sale of the Licensed Products. Second, they claim that the" ,,,,,

standard signboard of the WRITESITE Stores also displayed the trademark
REYNOLDS in conjunction with the WRITESITE trademarks. Third, the" ,,,,,

plaintiffs rely on the invoices for products sold at the WRITESITE stores. The rear
side of the invoices bear the trademark REYNOLDS as well as ,,,,,

the WRITESITE trademarks.,,,,,

95. In my view, none of the aforesaid grounds establish the plaintiffsâ? claim in
respect of the WRITESITE trademarks. First of all, as stated above," ,,,,,

this Court is unable to accept that the WRITESITE Stores were exclusive outlets
used only for selling products under the trademark REYNOLDS.,,,,,

Secondly, and more importantly, the WRITESITE trademarks are used in respect
of retail outlets and not in respect of writing instruments or other" ,,,,,

products. The business of retail outlets is a separate business. As noticed above,
the defendant acquired rights in these trademarks several years prior" ,,,,,

to entering into the License Agreement.,,,,,

96. This Court is also unable to accept that the trademark REYNOLDS has been
used in conjunction with the WRITESITE Trademarks. The ,,,,,

affidavit filed by PW 3 encloses photographs of the sign boards of the WRITESITE
Stores. It is apparent from a plain view of the said photographs ,,,,,

that although the signboard of the WRITESITE Stores includes the WRITESITE
(LOGO) as well as the trademark RORITO, the two trademarks are" ,,,,,

separate and not used in conjunction with one and another. Admittedly, the

trademark REYNOLDS had been replaced by the trademark RORITO." ,,,,,

There is a considerable distance between the placement of the two trademarks
â?the WRITESITE (LOGO) and the trademark REYNOLDS. Thus," ,,,,,

although the defendant had used the signboard of the stores to display the
trademark, REYNOLDS, the same cannot be stated to be in conjunction" ,,,,,

with the WRITESITE (LOGO) as understood in the context of Clause 7.8 of the
License Agreement. ,,,,,

97. The invoices produced by the plaintiffs (PW 3/7) shows that the invoices had
been printed on a computer stationery roll. The trademark ,,,,,

WRITESITE (LOGO) as well as the trademark REYNOLDS are printed on the rear
side of the roll; however, they are not in conjunction with each" ,,,,,

other. It is also relevant to note that the invoice also mentions various products
including gift sets and labelling solutions. It also mentions that an ,,,,,

extensive range of imported products are available at the outlets in various
cities. It is nobodyâ?s case that the defendant was manufacturing labeling ,,,,,

solutions or any imported products under the trademark REYNOLDS (LOGO) ,,,,,

98. This court is of the view that the expression â??Work Productâ?cannot be
read in an expansive manner to also cover trademarks that are not ,,,,,

used in respect of the products sold under the trademark REYNOLDS. ,,,,,

99. Insofar as Issue no.4 is concerned, the same relates to passing off. The
plaintiffsâ? claim that the defendant had passed off its goods under the" ,,,,,

mark WRITESITE, as plaintiffs goods/services. In view of the discussions above,
this issue is also decided in favour of the defendant and against the" ,,,,,

plaintiffs. ,,,,,

Re: Issue No. 5 ,,,,,

Whether the defendant is passing off its goods by using shapes of goods which
are similar to the shapes of the plaintiffsâ?? goods? If so, its effect?" ,,,,,

100. The present issue relates to the dispute whether the defendant had passed
off its goods by using shape which is similar to the shape of the goods ,,,,,

sold under the trademark REYNOLDS. The learned counsel for the plaintiffs had
restricted his arguments only to the products sold under the sub- ,,,,,

brand TRIMAX. After the termination of the License Agreement, the defendant
had commenced selling writing instrument of similar shape under the" ,,,,,

sub-brand T-MAX. There is no dispute that the shape of TRIMAX and T-MAX was
almost identical. The plaintiffs claim that after termination of the ,,,,,

License Agreement, the defendant cannot continue to sell pens of the same shape. However, in order for the plaintiffs to succeed in its claim of",,,,,

passing off, it would be necessary for the plaintiffs to establish that the particular shape of pen had come to be identified with the trademark",,,,,

REYNOLDS. However, the plaintiffs have not placed sufficient material on record to establish that the shape of the pens sold under the trademark",,,,,

REYNOLDS were distinctive and had come to be identified with the trademark REYNOLDS. On the other hand, DW 1 has produced several pens",,,,,

manufactured by the defendant and sold under the brand name RORITIO as well as pens sold by its competitors including pens manufactured by",,,,,

Flair, Hauzer, Cello, Luxor, Claro, etc. It is seen that all the manufacturers have several models of pens which are similar in shape and design with the",,,,,

corresponding models manufactured by the others. For example, the shape and size of REYNOLDS Liquiglide and Lite Liquite is also similar in shape",,,,,

to Cello Butter Flow, Flar Airbalance or Montek Smooth Flow.",,,,,

101. In view of the above, it is not possible for this Court to accept the claim that the defendant had passed off its goods as that of REYNOLDS by",,,,,

adapting identical shape as that of the pens sold under the brand name REYNOLDS.,,,,,

102. Thus, Issue no.5 is also decided against the plaintiff and in favour of defendant.",,,,,

Re: Issue No. 8.,,,,,

Whether the defendant had disobeyed any of the orders passed by this Court?.,,,,,

103. There are two facets to the issue whether the defendant has disobeyed the order of this Court. The first relates to whether the defendant had.,,,,,

effected sales of the products carrying the offending trademarks through its stockists and distributors in violation of the orders passed by this Court.,,,,,

The second aspect is whether the defendant has violated the order dated 17.11.2016 by selling the product under the brand name TERAMAX. The.,,,,,

plaintiffs had filed the present suit claiming that the plaintiffs had slavishly copied the sub-brands, trade dress and packaging of the products, which",,,,,

were sold under the REYNOLDS Trademarks. The plaintiffs had listed out as many as 41 sub-brands in the plaint and at the initial stage, it was stated",,,,,

on behalf of the defendant that it would review its portfolio of brands/trademarks in order to change the brands, which were considered as offending.",,,,,

A proposal in this regard was furnished to the plaintiffs on 02.11.2016. As noticed above, at the outset, on 17.11.2016, the defendant agreed to assign",,,,, seven of the sub-trademarks and further also agreed that it would refrain from using thirty six other trademarks. This was recorded in the order,,,,, passed on that date, that is, on 17.11.2016. The defendant also agreed to change the packaging of its products to ensure that the same are not",,,,, deceptively similar to the packaging of the plaintiffsâ? products. This Court further directed the plaintiffs to ensure that no products are manufactured,,,,, or dealt with under the trademarks as listed out in the said order. However, the defendant was granted six months to exhaust the stocks, which had",,,,, already been manufactured. The defendant was further directed to provide the statement of the stocks lying with the distributors within a period of,,,,, two weeks from that date.,,,,,

104. As mentioned earlier, the plaintiffs filed an appeal, inter alia, impugning the aforesaid direction permitting the defendant six months time to",,,,, exhaust the stocks. The said appeal [FAO(OS)(COMM) 135/2016] was dismissed by an order dated 29.11.2016. Aggrieved by the same, the",,,,, plaintiffs filed a Special Leave Petition [SLP(C) 36043/2016]. By an order dated 16.01.2017, the Supreme Court directed the respondents to instruct",,,,, its distributors not to divert its stocks to retailers till the next date of hearing.,,,,,

105. Thereafter, the plaintiffs filed an application (IA 16036/2016) for appointment of a Local Commissioner to visit the premises of the defendant at",,,,,

(i) No.2 Janakpuri, Velachery By-pass Road, Velachery, Chennai, and (ii) Rajiv Gandhi Salai, 38/1, Egattur Padur, Kancheepuram, Tamil Nadu. The",,,,, said application was considered on 22.12.2016 and this Court appointed a Local Commissioner to visit the premises of the defendant as requested by,,,,, the plaintiffs. The Local Commissioner has since submitted his report indicating that no goods bearing the REYNOLDS trademarks were found at the,,,,, premises in question.,,,,,

106. In the meanwhile, the defendant filed an affidavit before the Supreme Court affirming that the defendant had no distributors and had sold the",,,,, goods on a principal to principal basis. The plaintiffs contested the claim that the defendant had no distributors and asserted that the defendant had,,,,, thirty-nine distributors. In view of the submissions, the Supreme Court passed

an order dated 30.01.2017 directing that any transfer of stocks from the" ,,,,,
defendant after 16.12.2016 to any retailer would not be sold. It is in this context
that the issue arises whether the defendant has any distributors and if ,,,,,
so, whether it had transferred any stocks to such distributors after
16.12.2016." ,,,,,

107. In terms of the order passed by this Court on 17.11.2016, the Managing
Director of the defendant affirmed an affidavit on 20.11.2016 indicating" ,,,,,
the inventory of the goods lying with it in respect of sub-brands of REYNOLDS,
which the defendant had agreed to discontinue." ,,,,,

108. The Managing Director of the defendant also filed another affidavit dated
23.01.2017, inter alia, stating that defendant no.1 had not appointed any" ,,,,,
distributors and all sales were effected on principal to principal basis. ,,,,,

109. Mr Vijaya Madhava (DW1) had also furnished an affidavit, inter alia, stating
as under:-" ,,,,,

â??18. I say that it is the case of the Plaintiffs that the Defendant has authorised
distributors and has been selling its products only through the alleged ,,,,,
distributors. In this regard I say that the Defendant does not have any
distributors as such, I place on record that the Defendant has not appointed
any" ,,,,,

person nor entered into any agreement with any person appoint him/it has a
distributor nor created any relationship of agency for the said purpose. ,,,,,

The Defendant only sells its products directly to institutional buyers, retailers and
bulk buyers. I say that those interested in purchasing the products of" ,,,,,

the Defendant directly approach the Defendant to place their orders. It is
submitted that subsequent to sale of goods, all rights in the products are" ,,,,,

transferred by the Defendant as the same is done on a principal to principal
basis. Any person in possession of bulk stocks of the Defendant's ,,,,,

products have bought the same in an outright manner for retail purposes. The
Defendant has no further role to play once the products are purchased ,,,,,

and neither is the chain/manner of retail controlled by the Defendant. I further
say that the Defendant has not entered into any agreement with any ,,,,,

third party for the purpose of distribution at any point of time prior to or during
the course of this litigation. The Plaintiffs having been in business with ,,,,,

the Defendant until recently is well aware of the above business model, and
cannot dispute the correctness of the same.â??" ,,,,,

110. The products manufactured by the defendant are distributed all across the country and it cannot be disputed that the defendant has a large,,,,,

distribution network. The plaintiffs had appointed investigators who have also submitted affidavits, which indicate that there are entities, which are" ,,,,,

engaged in the distribution of the products manufactured by the defendant. PW2 (Mr. Mohit Bhardwaj, one of the investigators appointed by the" ,,,,,

plaintiffs) had submitted an affidavit affirming that he had visited the premises of M/s Shraddha Agencies located at Moulana Abdul Kalam Road.,,,,,

Opp. A.C. Market, Howrah, West Bengal and had met one Mr Sumanta Kumar Banerjee (Sales representative of the defendant), who had informed" ,,,,,

him that M/s Shraddha Agencies Pvt. Ltd. was a stockist for the defendant. He had also informed that the stockists were permitted to sell the goods,,,,,

only to an authorized distributor. He had also visited the premises of M/s Global Marketing in Howrah and met one Mr Ranjan Kumar Rakshit.,,,,,

Similarly, he had also visited the premises of M/s Bhagawati Enterprises in Assam and had also contacted M/s Premium Nirman Private Limited at" ,,,,,

Patna. Both the said entities had identified themselves as stockists of the defendant. PW2 has also affirmed that he had visited the premises of a ,,,,,

distributor in Guwahati (M/s Patsons Distributors a.k.a M/s Veevek Traders) and met one Mr Vivek Patwary, who had also furnished a letter" ,,,,,

confirming that M/s Veevek Traders is an authorized distributor of the defendant.,,,,,

111. PW3, one of the investigators, also deposed that he had appointed persons to visit distributors of the defendant in Indore (M/s L.V. Agencies)," ,,,,,

Ludhiana (M/s Umesh & Co.), Maharashtra (M/s Chandan Sales and M/s Laxmi Traders), Coimbatore (M/s Eastern Trading Company, M/s Ramdev" ,,,,,

Agencies and M/s ACE Polymers), Kochi (M/s Tritvam Trading), Aluva (M/s Cochin Distributors), Ernakulam (M/s Prabhus Stationery)," ,,,,,

Secunderabad (M/s D.N. Agencies, Hyderabad (M/s Prakash Agencies and M/s Sri Karthikeya Enterprises). It is affirmed that the persons present" ,,,,,

at the premises of the aforesaid entities had identified the said entities to be the stockists or distributors of the defendant. Similarly, PW 4 had also filed" ,,,,,

an affidavit affirming that he had visited the premises M/s BSB Marketing Pvt. Ltd., New Delhi and met one Subhash Goswami, who had confirmed" ,,,,,

that M/s BSB Marketing Pvt. Ltd. was a stockist for the products manufactured by the defendant. He had also given the address of one M/s Manishi ,,,,,

Enterprises. PW4 had affirmed that he had visited the premises of M/s Manishi Enterprises and was informed that they are the authorized distributors,,,,,

of the defendant. PW4 had also obtained a copy of the invoice issued by M/s BSB Marketing Pvt. Ltd., which describes M/s BSB Marketing Pvt Ltd.",,,,,

as a "Main Stockist" for the defendant. The said invoice also bore the trademark RORITO. A copy of a similar invoice was obtained by PW4,,,,,

from two different entities " M/s Bhartiya Enterprises and M/s Vasdev Agencies.

112. In view of the evidence produced, there is little doubt that there are entities acting as stockists and distributors for the defendant. The letters"

obtained from some of the distributors also indicate that the said persons were acting as the distributors for other companies as well.

113. Having stated the above, it is necessary to bear in mind the reason for examining the dispute whether there are entities acting as stockists or"

distributors of the products manufactured by the defendant. The main purpose for such examination is to ascertain whether the defendant had,

transferred any stocks to such entities and had effected sale of the Licenced Products manufactured by it through such entities after the termination,

of the Licence Agreement.

114. It is common practice for stockists and distributors to hold stocks on behalf of the manufacturer. In such cases, the stocks lying with the stockists"

are also a part of the stocks held by the manufacturer. However, as noticed above, DW1 had affirmed that the defendant had not entered into any"

agreement with any entity appointing them as stockist and all sales were made on principal to principal basis. In other words, every such dealer would"

have purchased the stocks held by it from the defendant. This would also include entities, which purchased the Products in bulk for further sale to"

retailers/sub-dealers. No material has been produced by the plaintiffs to contest the aforesaid assertion. Thus, there is no evidence on record, which"

would establish that the defendant had transferred or consigned their stocks to any of the bulk dealers (stockists and distributors) without effecting a,

sale in their favour. There is hardly any evidence to conclude that the assertion made by DW1, that the defendant had not entered into any agreement"

with any entity for appointing it as its agent or distributor, is incorrect."

115. Mr Bhim Sain Narang, Director of M/s BSB Marketing Pvt. Ltd. (DW2) has

also filed an affidavit affirming that M/s BSB Marketing Pvt. Ltd.",,,,,,
has been purchasing pens from the defendant in bulk but it does not have any
relationship of exclusivity or agency with the defendant. DW2 has,,,,,
further affirmed that the purchases are made on principal to principal basis and
thereafter the defendant does not have any control over distribution of,,,,,
the products. He has also affirmed that the aforesaid company does not hold
stocks for and on behalf of the defendant. In view of the above, this",,,,,,
Court is unable to accept that the defendant had entered into any agreement for
appointment of stockists and distributors to hold stocks on its behalf,,,,,
and distribute the same to its retailers. The Court is also unable to accept that
the stockists held stocks on behalf of the defendant and not as,,,,,
proprietors of those goods.,,,,,,

116. The next aspect to be considered is whether the defendant has violated the
orders of the Court by selling pens under the brand name,,,,,
TERAMAX.,,,,,,

117. It is not disputed that prior to the termination of the License Agreement,
one of the most successful model of a writing instrument in the portfolio,",,,,,
was sold under the brand name REYNOLDS TRIMAX. After the License Agreement
was terminated, the defendant adopted the trademark T-MAX",,,,,,
in relation to a model similar to the one sold under the trademark TRIMAX. The
disputes in this regard were resolved by consensus between the,,,,,
parties (as recorded in the order dated 17.11.2016), whereby the defendant
agreed to refrain from using several trademarks including the trademark,",,,,,
T-MAX. The defendant also undertook to change the packaging of its products to
ensure that the same were not deceptively similar to the packaging,,,,,
of the products sold under the brand name REYNOLDS.,,,,,,

The defendant was bound down to the said commitment and was directed to
ensure that no products are manufactured or dealt with under the alleged,,,,,
infringing trademarks as listed in the said order (including T-MAX). Although the
defendant discontinued the use of the trademark T-Max, it adopted",,,,,,
the trademark TERAMAX instead. This was despite the commitment made before
the Court that the defendant would refrain from using trademarks,,,,,
deceptively similar to the packaging of the products sold under the brand name
REYNOLDS.,,,,,,

118. Aggrieved by the same, the plaintiffs filed an application being IA

No.4406/2017 under Order XXXIX Rule 2A, CPC alleging willful default and",,,,,
disobedience on the part of the defendant and its Executive Directors namely, Mr
Mohd. Meeran Katch and Indrakumar Mahendran, arrayed as",,,,,
respondent nos.2 & 3 to the said application. The notice of IA no.4406/2017 was
issued by this Court on 13.04.2017 and the respondents therein were,,,,,
directed to file a reply within a period of one week from that date. However, the
respondents did not file any reply to the said application at the",,,,,
material time. The said application was taken up by this Court on 03.05.2017
and on that date, this Court passed the following order:-",,,,,

â??IA No. 4406/2017,,,,,

In view of the dispute whether the defendant has disobeyed the earlier order, a
specific issue is to be framed: â??Whether the defendant has",,,,,
disobeyed the ordersâ? and no order is required to be passed at this stage. It is,
however, clarified that the plaintiffs would not be precluded from",,,,,
seeking such relief at the final stage, subject to the outcome of the decision on
the aforesaid issue.",,,,,

The application is accordingly disposed of. â??,,,,,

119. After the application (IA 4406/2017) had been disposed of, the parties led
their evidence and the suit was taken up for final hearing. At that",,,,,
stage, Mr Mohd. Meeran Katch filed an affidavit in the disposed of application (IA
No.4406/2017), inter alia, tendering an unconditional apology for",,,,,
using the trademark TERAMAX during the course of the trade. Mr Sethi, learned
senior counsel who was appearing on behalf of the defendant at the",,,,,
material time, tendered the said affidavit. He, however, contended that the
defendant had no intention of over reaching the orders of the Court. It is",,,,,
relevant to note that he was unable to contend that the trademark TERAMAX was
not deceptively similar to the trademark TRIMAX and, in all",,,,,
fairness, made no effort to advance any such contention. He emphasised on the
unconditional apology tendered by the Managing Director of the",,,,,
defendant and requested that a lenient view be taken.,,,,,

120. Notwithstanding that the defendant had tendered an unconditional apology
for using the trademark TERAMAX, the defendant continued to use",,,,,
the same. In the circumstances, the plaintiffs filed another application (IA
No.3153/2018) under Order XXXIX Rule 2A, CPC once again alleging that",,,,,
the defendant had wilfully breached its undertaking and it was continuing to

market writing instruments under the trademark TERAMAX. The,,,,,
defendant filed reply to the aforesaid application, and this time sought to contest the allegation that the use of trademark TERAMAX was in violation" ,,,,,
of the orders passed on 17.11.2016. It was now contended that use of the trademark TERAMAX did not violate any order passed by this Court.,,,,,
121. Plainly, the stand of the defendant cannot be accepted. This Court is in no doubt that the defendant has overreached the orders of this Court and" ,,,,,
is in violation of the undertaking given to this Court. The dispute between the parties related to the use of certain brands (including T-MAX) which, the" ,,,,,
plaintiffs alleged, was deceptively similar to its trademarks. The disputes with regard to several brands used by the defendant were settled with the" ,,,,,
defendant giving an undertaking to refrain from using the said brands. This, clearly, also implied that that the defendant would refrain from using any" ,,,,,
deceptively similar trademark/brand. The defendant also agreed not to use any packaging that was deceptively similar to the packaging of the,,,,,
Licensed Products.,,,,,

122. It is indisputable that the trademarks T-MAX and TERAMAX are phonetically similar to the trademark TRIMAX and, thus, both the trademarks" ,,,,,
are deceptively similar. The fact that the defendant had applied for registration of the brand TERAMAX in October, 2016 (which is prior to the order" ,,,,,
dated 17.11.2016) is of little relevance and does not, in any manner, establish that the adoption of the said trademark by the defendant is bonafide. Mr" ,,,,,
Sethi, learned senior counsel who was appearing for the defendant at the material time had, thus, rightly not disputed that the trademark TERAMAX" ,,,,,
was deceptively similar to the trademark TRIMAX, and had tendered the affidavit of the Managing Director of the defendant expressing his" ,,,,,
unconditional apology. However, Mr Arun C. Mohan, the learned counsel who appeared for the defendant at the end of the final arguments, sought to" ,,,,,
contest the application filed on behalf of the plaintiffs; he contended that the trademark TERAMAX was not similar to TRIMAX. This is plainly,,,,,
unsustainable. It is also clear that even after tendering an unconditional apology, the defendant has continued to sell its product under the trademark" ,,,,,
TERAMAX.,,,,,

123. It is well settled that a party which is restrained from using a particular trademark must follow the safe distance rule and ensure that the,,,,,

trademark adopted is not even remotely similar to the trademark, the use of which has been interdicted. In the present case, it is apparent that the",,,,,

trademark TERAMAX bears a high degree of similarity with TRIMAX. It is deceptively similar to the trademark TRIMAX by a higher degree than,,,,,

T-MAX. Thus, essentially, what the defendant has done is to voluntarily give up a trademark on the ground of it being similar to the plaintiffsâ?" ,,,,,

trademark but adopt a mark, which is even more offensive to the plaintiffs." ,,,,,

124. The plaintiffs have also alleged that the packaging adopted by the defendant for its product sold under the brand name TERAMAX is similar to,,,,,

the packaging under which the product was sold under the trademark TRIMAX. However, this Court is unable to accept the same. A plain view of" ,,,,,

the packaging indicates that the same are not similar. The trade dress and the shape of the two writing instruments (one sold under TRIMAX and the,,,,,

other sold under the brand name TERAMAX) are also somewhat different. Minor changes have been introduced in the shape of the pen as well. The,,,,,

clip as well as the end of the pen is different. The design printed on the pen is also not similar to the geometric design on the product sold under the,,,,,

trademark TRIMAX. The question whether the trade dress of the two products and the packaging are similar must be viewed in the context of the,,,,,

practice as followed in the industry. The defendant has produced writing instruments manufactured and sold under various brands (DW-1/13), which" ,,,,,

indicates that each of the manufacturers has a product in its portfolio which is somewhat of a similar shape and trade dress with corresponding,,,,,

products of other manufacturers. Viewed in this context, the trade dress and the shape of the products sold under the trademark TRIMAX and" ,,,,,

TERAMAX cannot be held to be similar.,,,,,,

125. In view of the above, the issue is decided in favour of the plaintiffs to the extent that the defendant has violated the orders passed by this court by" ,,,,,

selling writing instruments under the trademark â??Teramaxâ??. ,,,,,

Re: Issue no.6 ,,,,,

Whether the plaintiffs are entitled to a decree of rendition of accounts against the defendants, as prayed for?" ,,,,,

126. In view of the above, the plaintiffs are not entitled to profits made by the defendant in respect of products sold under the trade mark RORITO or" ,,,,,

that may offend the injunction as sought for. The defendant had voluntarily

agreed to transfer various sub-trademarks used in conjunction with,,,,,
Reynolds as recorded in the order dated 17.11.2016, and the disputes to that extent were resolved. However, in view of the above conclusion that the",,,,,
defendant is passed of its goods under the brand name TERAMAX, the defendant must account for the profits made in respect of the said writing",,,,,
instrument sold under the trademarks TERAMAX to the plaintiffs and to this extent, the issue is decided in favour of the plaintiffs and against the",,,,,
defendant. The plaintiffs would also be entitled for verification of the accounts so rendered by independent auditors.,,,,,,

Re: Issue no.7,,,,,

Whether an independent auditor is required to be appointed to audit the accounts the defendant?,,,,,

127. This issue is also decided in favour of the plaintiffs and they are entitled to ensure that the accounts are rendered in respect of the net revenue,,,,,

from the manufacture and sale of the products sold under the trademark TERAMAX.,,,,,,

Relief,,,,,

128. The plaintiffs had filed an application (IA No. 6493/2017), inter alia, praying that it be clarified that the suit stands settled/disposed of/decreed",,,,,

with regard to the disputes as recorded in the order dated 17.11.2016.,,,,,,

129. As noticed at the outset, the issues with regard to certain trademarks were settled in this Court on 17.11.2016. In terms of the said order, certain",,,,,

trademarks (seven in number), as mentioned in paragraph 1(i) of the order dated 17.11.2016, have already been assigned to the plaintiffs and the",,,,,

disputes in that regard no longer survive. Further, the defendant had agreed to cease manufacturing and sale of products under the trademark",,,,,

REYNOLDS and certain other trademarks (thirty-six in number), as mentioned in paragraph 1 (v) of the order dated 17.11.2016. It was ordered",,,,,

accordingly and the suit was partially decreed to the aforesaid extent.,,,,,,

130. The petitioner has further prayed as under:,,,,,

â??(b) Clarify that the Issues in the suit as framed on May 03, 2017 are confined only to the outstanding issues between the parties;â??",,,,,

The aforesaid prayer is allowed and a decree is hereby passed in terms of the aforesaid prayer.,,,,,,

131. As held above, the defendant and its Executive Directors, namely, Mohmad Meeran Katch and Indra Kumar Mahendran, arrayed as respondents",,,,,

in IA No. 3153/2008, are plainly guilty of violating the orders passed by this Court inasmuch as the defendant has continued to manufacture and sell",,,,,

the writing instruments under the trademark TERAMAX. The defendant and respondent no.2 and 3 (Mohmad Meeran Katch and Indra Kumar,,,,,

Mahendran) are imposed with a penalty of Rs. 5,00,000/- which shall be paid to the plaintiffs within a period of one month from today, failing which",,,,,

respondent nos. 2 and 3 (Mohmad Meeran Katch and Indra Kumar Mahendran) shall undergo imprisonment for a period of one month.,,,,,,

132. In addition, the defendant is liable to account for the net revenue earned by the sale of the writing instruments under the trademark TERAMAX.",,,,,

The defendant shall render a statement of account of the net revenue (profit) earned from the sale of writing instruments under the trademark,,,,,

TERAMAX, within a period of two weeks.",,,,,

133. M/s Vaibhav Gupta, VGG & Co. Chartered Accountants (Mobile No. 9811045762) is appointed as the Local Commissioner to independently",,,,,

verify the accounts so rendered by the defendant relating to the profits earned by the sale of the writing instruments under the trademark TERAMAX.,,,,,,

The defendant shall produce all books and accounts and furnish all information as required by the Local Commissioner. The fee of the Local,,,,,

Commissioner shall be commensurate with the quantum of work and is tentatively fixed at Rs. 3 lacs plus expenses. The aforesaid sum shall be paid,,,,,

by the defendant in advance.,,,,,,

134. The Local Commissioner shall submit a report within a period of six weeks, after the defendant has furnished the statement of account as",,,,,

directed above.,,,,,,

135. Objections to the report, if any, be filed within a period of two weeks, thereafter.",,,,,

136. The decree for the amount so determined shall follow after considering the report of the Local Commissioner.,,,,,,

137. The suit is partially decreed to the extent as indicated above.,,,,,,

138. List on 26.02.2019 for consideration of the report of Local Commissioner.,,,,,,