

(2014) 01 DEL CK 0144
In the Delhi High Court
Case No : CS (OS) No. 2064 of 2013

Neo Foods Pvt. Ltd.

APPELLANT

Vs

Neo Milk Products Pvt. Ltd.

RESPONDENT

Date of Decision : 03-01-2014

Acts Referred:

Civil Procedure Code, 1908 (CPC) — Order 39 Rule 1, Order 39 Rule 2, Order 39 Rule 4
Trade Marks Act, 1999 — Section 134(1) 17 28 29 29(4)

Citation : (2014) 206 DLT 768 : (2014) 57 PTC 206

Hon'ble Judges : S. Muralidhar, J

Bench : Single Bench

Advocate : Rajiv Nayar and Mr. Rahul S. Sahay and Mr. Ankur Sangal, for the Appellant; Sandeep Sethi and Mr. Rohit Choudhary, Ms. Priti and Ms. Aarthi Venkat, for the Respondent

Judgement

S. Muralidhar, J.

IA Nos. 17169 of 2013 (Order XXXIX Rules 1 and 2) & 17849 of 2013 (Order XXXIX Rule 4 CPC)

1. The question that arises for determination in these applications is whether the interim injunction granted by the Court in favour of the Plaintiff by its order dated 28th October 2013 should continue during the pendency of the suit, or as contended by the Defendant be vacated. The Plaintiff Neo Foods Private Limited is the registered proprietor of the trademark (device) and word mark "Neo" under Class 29 for "pickles, gherkins, pickled jalapenos, preserved onions, preserved tomatoes, preserved mushrooms, preserved garden herbs, seasoned, pickled, canned and preserved vegetables and fruits". The condition and limitation endorsed in the trademark registration certificate dated 30th March 2010 (with registration date 9th October 2007) is that the Plaintiff will have "no right over the device of leaf appearing on the trade mark label". The Plaintiff states that it was established on 27th September 2004 and has been manufacturing, marketing, selling in India and exporting abroad preserved food

products for several years. The Plaintiff is stated to be part of the Jalan Group with a group turnover of USD 100 million. The Plaintiff is located in Bangalore. Its products are stated to be available all over India including Delhi.

2. The Defendant Neo Milk Products Private Limited is located in Janak Puri, New Delhi. It is engaged in the business of manufacture and sale of milk products. The Defendant changed its name from "Neo Anurena Tristar Food Products Private Limited" to "Neo Milk Products Pvt. Ltd." sometime in 2012. It registered the domain name www.neomilkfoods.com on 16th August 2012. In the application filed by the Defendant under Order XXXIX Rule 4 CPC it is stated that on 24th December 2012 the Defendant applied for registration of the trademark "Neo" under Class 29 for milk and milk based products, yogurt, curd, cheese, butter. It is stated that on 10th October 2013, the Plaintiff filed an application seeking to include "milk and milk based products" in the categories of products for which it has obtained registration. The Defendant is stated to belong to the Ambit Group which provides financial services and comprises "Ambit Pragma", a private equity fund. The Defendant submits that the Plaintiff cannot invoke Section 134(1) of the Trade Marks Act, 1999 ("TM Act") since according to the Defendant the Plaintiffs products are not sold within the jurisdiction of this Court.

3. On 28th October 2013, summons in the suit and notice in IA No. 17169 of 2013 filed by the Plaintiff under Order XXXIX Rules 1 and 2 CPC were issued. The Defendant was restrained from using the trademark "NEO" or any other mark similar to the Plaintiff's trademark in connection with the goods, labels, advertising material, cartons, packing material, letter-heads, stationery, dies, literature etc. used by the Defendant or on its website or as a domain name or any other domain name containing such mark. The Court also appointed two Local Commissioners ("LCs") to visit the premises of the Defendant at Janak Puri and Manesar in Gurgaon.

4. One of the LCs, Mr. Anil Soni, visited the Defendant's Janak Puri office on 1st November 2013. He seized the materials which were found to be infringing the Plaintiff's registered trademark, made an inventory thereof and released them on superdari to the Defendant. He submitted a report dated 13th November 2013. The other LC, Mr. S.P. Singh, visited the Defendant's premises at Manesar on 1st November 2013. He seized the infringing goods, prepared an inventory and handed them over on superdari to the General Manager of the Defendant.

5. Soon thereafter, the Defendant filed IA No. 17849 of 2013 under Order XXXIX Rule 4 CPC and it was considered on 8th November 2013. The Defendant prayed that it should be permitted to sell off the existing stock on the strict understanding that such permission would not enable the Defendant to manufacture a fresh stock of products till the said application was not decided. The Court appointed the same LCs to visit the two premises and draw up inventories of the existing stocks of the Defendant. The Defendant was permitted to sell the inventories/existing stock and maintain full accounts of such sales, which were to be produced as and when directed. It was expressly directed that

the Defendant would not "manufacture or sell any fresh stock of the products under the impugned mark till the disposal of the application."

6. Mr. S.P. Singh, LC submitted his two reports dated 11th November and 16th November 2013. The report dated 11th November 2013 enclosed photographs of some of the Defendants products found at the Manesar premises. These included TriStar Damdar Dahi both in sachets and plastic jars, "Namah ghee" in tins, Neo "ghar jaisa ghee", Neo "probiotic dahi" and Neo "mishti dohi". The report of Mr. Anil Soni also enclosed photographs of Neo paneer and Neo dahi. It is required to be noted that till date the Defendant has neither filed its written statement in the suit nor a reply to the Plaintiffs application IA No. 17169 of 2013.

7. The Court has heard the submissions of Mr. Rajiv Nayar, learned Senior counsel for the Plaintiff and Mr. Sandeep Sethi, learned Senior counsel for the Defendant.

8. The first contention of the Defendant is that the Plaintiff has been granted registration for the trademark NEO only in respect of a certain category of goods falling in Class 29, viz., pickles, gherkins, pickled jalapenos, preserved onions etc. and not in respect of milk and milk products which are being sold by the Defendant. The Defendant claims to be using NEO in respect of milk and milk products since 1997 and to have earned goodwill and reputation with respect to the said products. It is submitted that while the Defendant applied for registration of the trade mark NEO in respect of milk products on 24th December 2012, the Plaintiff filed an application to include such goods to its existing registration only on 10th October 2013. Relying on the decisions in Sona Spices Pvt. Ltd. Vs. Soongachi Tea Industries Pvt. Ltd., and Vishnudas Trading as Vishnudas Kishandas Vs. Vazir Sultan Tobacco Co. Ltd., Hyderabad and another, it is contended that the Plaintiff cannot claim right to use the trademark NEO to the exclusion of others when the Plaintiff has not used its trademark with respect to the products sold and manufactured by the Defendant, and in any event not from a date prior to its use in respect of such products by the Defendant.

9. Secondly, it is submitted that the word "NEO" is a common word which means "New/modern and recent" and since it is a generic and descriptive common word, the Plaintiff cannot claim any exclusive ownership right or right to use the said word to the exclusion of others. Reliance is placed on the decisions in Shell Brands International AG v. Pradeep Jain 168 (2010) DLT 582, ITC Limited Vs. Philip Morris Products SA and Others, , Rhizome Distilleries P. Ltd. and Others Vs. Pernod Ricard S.A. France and Others, and Rich Products Corporation and Another Vs. Indo Nippon Foods Limited, It is further submitted that there are over 500 companies with the name "NEO" registered with the Registrar of Companies ("ROC") in various states.

10. Thirdly, it is contended by the Defendant that no relief of passing off can be claimed by the Plaintiff since the Defendant is using the trademark "NEO" since 2006-07 in respect of milk and milk products. It is submitted that the Plaintiff

has not been able to establish reputation, goodwill and distinctiveness of the mark "NEO". It is contended that the invoices produced by the Plaintiff are for sale of the products outside of Delhi and for export purposes. It is submitted that the retail sales in Delhi are insubstantial when compared to the sales figures of the Defendant.

11. Fourthly, it is submitted that the ROC had permitted, in exercise of the statutory powers under the Companies Act, 1956 ("CA"), the Defendant to change its corporate name from Neo Anurena Tristar Food Products Private Limited to the present name i.e. Neo Milk Products Pvt. Ltd. Therefore, it cannot be said to be malafide or a deliberate change to come closer to the Plaintiffs trade name. Fifthly, it is submitted that the Defendant is the prior user of the trademark/trade name "NEO" with respect to milk and milk based products and is entitled to the defence u/s 34 of the TM Act. Sixthly, it is submitted that in order to invoke Section 29(4) of the TM Act, the Plaintiff has to show that it has a substantial reputation in India and that use of the impugned mark by the Defendant takes unfair advantage of the distinctive character and repute of the registered trademark. It is submitted that a comparison of the label of the Plaintiff with that of the Defendant does not lead to deception or confusion. Reliance is placed on the decision in Carlsberg India Pvt. Ltd. Vs. Radico Khaitan Ltd.,

12. The Court proceeds to examine the above submissions. Admittedly, the Plaintiff continues to be the registered proprietor of the trademark (device) NEO under Class 29. It is not known whether the Defendant has filed any application for rectification or cancellation of the said mark. The Plaintiff's user is from the date indicated in the registration certificate i.e. 9th October 2007 and the registration is valid up to 9th October 2017. u/s 28 read with Section 29, the Plaintiff certainly has an exclusive right to use the registered trademark NEO (device).

13. Although it was submitted during the course of arguments by Mr. Sandeep Sethi, learned Senior counsel appearing for the Defendant, on the basis of Section 17 of the TM Act, that the Plaintiff cannot have any exclusive right over the word NEO, there is no such submission in the written note of arguments submitted by the Defendant at the conclusion of the arguments. In any event, in terms of the law explained by the Supreme Court in Ramdev Food Products Pvt. Ltd. Vs. Arvindbhai Rambhai Patel and Others, , the word NEO being a prominent feature of the registered trademark of the Plaintiff, the Plaintiff cannot be precluded the right to exclusive use of the said word in relation to the goods for which it holds registration. Secondly, the condition and limitation is only that the Plaintiff cannot claim an exclusive right over the device of leaf. To better understand this, the device mark which has been registered in favour of the Plaintiff is reproduced as below:

Consequently, this Court rejects the plea of the Defendant that the Plaintiff cannot claim an exclusive right over the word NEO which is a prominent feature

of its device mark.

14. In support of its claim of prior use of NEO in relation to milk products, the Defendant has produced invoices pertaining to Neo Anurena Tristar Food Products Private Limited showing sales of milk, sweet curd etc. for the year 2007 onwards. However, these invoices do not by themselves indicate whether these products were sold under the trade mark "NEO". This would have to be established by the Defendant by leading evidence at the trial. The documents on record, including the reports of the LCs, show that the Defendant has been selling, and continues to sell, milk products under different names including "Namah Ghee" and "TriStar Damdar Dahi". Thirdly, the change of the company's name from Neo Anurena Tristar Food Products Private Limited to Neo Milk Products Pvt. Ltd. admittedly took place in August 2012. The change brings it closer to the Plaintiff's name. It will be a matter for evidence whether the use of NEO for the Defendant's milk products took place only around the same time. Fourthly, no application was made by the Defendant for registration of its mark NEO for milk products till 24th December 2012. The user date mentioned in the said application is "1.5.2012". If indeed the Defendant it was using NEO for its milk products from 2007 onwards it is not understood why it has not claimed use since then. The Defendant cannot be said to have made out a case at this stage for availing the defence u/s 34 of the TM Act.

15. The Court finds the present case distinguishable on facts from the decisions in Sona Spices Pvt. Ltd. and Vishnudas Trading. u/s 29(4) of the TM Act where the infringer is not a registered proprietor and the impugned mark is used in relation to goods different from the goods for which the registration has been granted, an injunction can be granted subject to the Plaintiff satisfying the further requirements spelt out in that provision. The Defendant is right in its submission for the purposes of Section 29(4) the Plaintiff would have to show that it has a reputation in India. In this regard, it must be noted in the first place that the Plaintiff's averments in this regard in the plaint as well as in the application IA No. 17169 of 2013 under Order XXXIX Rules 1 and 2 till date remain uncontroverted by the Defendant. Secondly, the Defendant's submission that the Plaintiff has failed to show substantial retail sales in India, and in particular in Delhi is countered by the Plaintiff by referring to several invoices showing sales of its goods in India, in Delhi and by way of export to other countries. The certificate of the Chartered Accountant regarding promotional expenses incurred by the Plaintiff from April 2007 onwards also supports the Plaintiffs case as regards its reputation and goodwill in India. The plea of the Defendant that the Plaintiff cannot invoke Section 134(1) of the TM Act must, therefore, fail.

16. The Plaintiff has been able to prima facie show that its products sold under the trademark NEO have been available in the market from 2007 onwards; that it has a substantial presence and reputation in India and that its products are available in Delhi as well.

17. The other ingredient of Section 29(4) of the TM Act concerns distinctiveness. The Defendant has itself applied for registration of NEO label with NEO being the prominent feature of the label. It, therefore, cannot plead lack of distinctness of the mark NEO. The impugned mark is identical to the prominent feature of the registered mark. The use by the Defendant of the NEO for its milk products is likely to dilute the distinctive character of the Plaintiffs registered mark. For the purposes of Section 29(4) of the Act, the Plaintiff need not demonstrate deception and confusion. Nevertheless there is merit in the contention of the Plaintiff regarding cognate and allied goods in common trade channels. It is likely that the same stores that stock the Plaintiffs pickles, gherkins and other products might also sell the Defendant's products particularly Dahi and Ghee. An average consumer is likely to associate the Defendant's NEO product as originating from the Plaintiff.

18. The Defendant is yet to satisfactorily explain how it decided in 2012 to change its name to the present name. The mere fact that the change of name was permitted by the ROC does not automatically mean that it was honest. It would be matter for evidence at the trial. In any event, it does not take away the right of the Plaintiff to seek an interim injunction on the basis of Section 29(4) of the TM Act, 1999.

19. For the aforementioned reasons, this Court is not persuaded to vacate the interim order passed by it on 28th October 2013. The said order is, therefore, made absolute during the pendency of the suit. IA No. 17169 of 2013 is accordingly disposed of. IA No. 17849 of 2013 filed by the Defendant under Order XXXIX Rule 4 CPC is dismissed. It is clarified that the present order does not constitute a final opinion on the merits of the respective cases of the parties, which will be finally adjudicated upon, after trial, independent of this order.