

**(2019) 03 DEL CK 0012**

**In the Delhi High Court**

**Case No : Civil Suits (COMM) 724 Of 2018**

Radico Khaitan Ltd

APPELLANT

Vs

M/S. Devans Modern Breweries Ltd

RESPONDENT

**Date of Decision : 07-03-2019**

**Acts Referred:**

Trade Marks Act, 1999 — Section 2(2)(b), 2(2)(c)(i), 18, 27(2), 28, 28(3), 29(2)(a), 29(9), 34, 46(1), 46(1)(a), 46(3), 47, 47(1)(b), 142

**Citation :** (2019) 258 DLT 177 : (2019) 4 AD(Delhi) 432 : (2019) 78 PTC 223

**Hon'ble Judges :** Manmohan, J

**Bench :** Single Bench

**Advocate :** Sudhir Chandra, Ishani Chandra, Sagar Chandra, Ankit Rastogi, Srijan Uppal, S.K. Bansal, Ajay Amitabh Suman, Kapil Kumar Giri

## **Judgement**

Manmohan, J

I.As. 3483/2018, 4354/2018

1. The present suit has been filed for permanent injunction restraining infringement of trade mark, passing off, delivery up, rendition of accounts, damages etc. The prayer clause in I.A. 3483/2018 is reproduced hereinbelow:-

"26. In these circumstances it is respectfully prayed before that this Hon"ble Court may be pleased to pass an ex parte ad interim injunction restraining the Defendants, their partners, proprietors, Companies, Sister Concerns, directors, executives, as the case may be, its officers, servants and agents or anyone acting for and on their behalf from manufacturing, exporting, marketing, offering for sale, selling, advertising or in any manner dealing with any Alcoholic Beverages including but not limited to Beer and Ready to Drink Beverages under the trademark "ELECTRA" or from adopting any other mark or label which is identical or deceptively similar to the Plaintiff's registered trade mark ELECTRA thus amounting to infringement of trade mark, and/or do any other thing which may lead to passing off of the goods and/or services of the Defendants as that of

the Plaintiff and/or do any other thing which may lead to dilution of the Plaintiff's marks and unfair competition."

2. This Court passed an ex-parte ad interim injunction order dated 13th March, 2018. The relevant portion of the said order is reproduced hereinbelow:-

"Consequently, till further orders, the defendants, their partners, proprietors, companies, sister concerns, directors, executives, as the case may be, its officers, servants and agents or anyone acting for and on their behalf are restrained in Delhi from manufacturing, exporting, marketing, offering for sale, selling, advertising or in any manner dealing with any alcoholic beverages including Beer under the trademark ELECTRA or from adopting any other mark or label which is identical or deceptively similar to the plaintiff's registered trademark ELECTRA, in any manner whatsoever."

3. A Division Bench of this Court, on an appeal being filed, being FAO (OS) (COMM) 20/2018, with consent of parties, vide order dated 11th April, 2018 permitted the defendant to sell some of its stock lying in Delhi and directed a monthly affidavit giving details of sales made in Delhi to be filed in the Court.

4. I.A. 4354/2018 and 4355/2018 have been filed for vacation and modification of stay by the defendant. With consent of parties, I.A. 4354/2018 and I.A. 4355/2018 as well as the injunction application being I.A. 3483/2018 filed by the plaintiff were taken up for hearing and order was reserved on 11th February, 2019.

#### FACTS

5. The plaintiff is one of India's largest liquor companies, having four millionaire brands - 8 PM Whisky, Contessa Rum, Old Admiral and Magic Moments Vodka, selling more than a million cases per annum.

6. It is stated that on 23rd December, 2004, the plaintiff applied for registration of the word mark ELECTRA under Class 33 claiming user since 01st December, 2004. It is stated that on 28th March, 2007, the plaintiff's word mark ELECTRA was registered. It is contended that the plaintiff is the registered owner of various marks/labels having ELECTRA as their prominent feature in Class 33 of the Trade Marks Act, 1999 since 23rd December, 2004.

7. It is further stated that the plaintiff adopted the mark ELECTRA for Vodka in September, 2004. It is the case of the plaintiff that as a result of the test launch and customer perception, it was realised that the word ELECTRA was peppy and appealed more to the younger generation than the consumers of Vodka - which were relatively older people. It is stated that consequently, the plaintiff launched Vodka under another of its marks i.e. "MAGIC MOMENTS", in 2005.

8. It is stated that in 2014 the plaintiff decided to use the mark ELECTRA for Ready to Drink alcoholic beverages in Ready To Drink bottles, and in June 2015, officially launched its Ready to Drink product under the aforesaid mark combined

with its flagship brand MAGIC MOMENTS.

9. It is stated that the annual revenue generated by the plaintiff from the sale of its products under the mark ELECTRA in the financial year 2016-17 was INR 2015.03 lakhs. It is further stated that at the time of filing the present suit, the plaintiff had sales worth Rs. 43 crores.

10. It is stated that the plaintiff promotes its products bearing the mark ELECTRA in India through permitted channels, and also promotes its products bearing the mark ELECTRA on its own websites [www.radicokhaitan.com](http://www.radicokhaitan.com) and [www.m2electra.com](http://www.m2electra.com), as well on its Official Facebook and Twitter pages "m2electra". The plaintiff has also launched ELECTRA CDs and digital game, "Electrathon".

11. It is the case of the defendant that its existing mark GODFATHER is a well known mark and it applied for registration of the mark ELECTRA bearing no. 2519404 on 25th April, 2013 on a proposed to be used basis and the same is pending registration. According to the defendant, it has honestly and bonafidely adopted the trademark GODFATHER ELECTRA on 25th April, 2013 and in support of its contention has relied on its first invoice dated 13th August, 2014.

12. It is the case of the plaintiff that in November, 2016, while conducting a regular search on the website of the Trade Marks Registry, the plaintiff came across the defendant's Trademark Application dated 25th April, 2013, for the mark ELECTRA under Class 32 for goods "Beers, mineral and aerated waters, and other non-alcoholic drinks; fruits drinks and fruit juices; syrups and other preparations for making beverages" which was filed on a "Proposed to be Used" basis.

13. It is stated that the plaintiff sent a legal notice dated 02nd November, 2016 to the defendant. The plaintiff received a reply dated 17th November, 2016, which denied the contentions of the plaintiff and sought for labels which the plaintiff was using since 2004 as well as plaintiff's Trade Mark Registration Certificates. In the reply, the defendant also stated that it had been using the mark ELECTRA along with its trademark GODFATHER LABEL. It is stated that although all the requested documents were forwarded to the defendant's counsel, no response was received. It is further stated that the plaintiff addressed two reminder notices to the defendant, dated 03rd February, 2017 and 13th May, 2017, but no response was received.

14. It is stated that in October, 2017, the defendant filed a suit for declaration to hold groundless threats as unjustifiable and for permanent injunction under Section 142 of the Trade Marks Act 1999, restraining defendant (plaintiff herein) from interfering in the business activities of the plaintiff (defendant herein) and damages against the plaintiff titled "M/s Devans Modern Breweries Ltd. Vs. M/s Radico Khaitan Ltd" before the District Court, Saket.

15. It is stated that in January, 2018, it came to the plaintiff's knowledge that

the defendant intends to launch its products in Delhi and Silvassa by April, 2018. On 23rd February, 2018, the defendant obtained an Excise Approval for selling products under the mark ELECTRA in the territory of Delhi.

16. As mentioned hereinabove the present suit was filed on 26th February, 2018 and this Court passed an ex-parte injunction order dated 13th March, 2018.

#### DEFENDANTS ARGUMENTS

17. Learned counsel for the defendant stated that the defendant was the prior user of the mark "GODFATHER ELECTRA". He stated that the defendant had honestly and bonafidely adopted the trademark GODFATHER ELECTRA on 25th April, 2013 and had been continuously using the same during the course of trade as its owner and proprietor except in Delhi owing to the ex-parte interim injunction dated 13th March, 2018.

18. Learned counsel for the defendant further stated that the first invoice of the defendant dated 13th August, 2014 made the defendant the prior user on the face of the record. He stated that the said document had been filed in legal proceedings by the defendant against the plaintiff i.e. Rectification Petition against the plaintiff's registration under no. 1327603 for the mark ELECTRA before the Intellectual Property Appellate Board and Civil Suit No. TM 112 of 2017 before District Court, South East Delhi, Saket, for groundless threats.

19. Learned counsel for the defendant stated that the first invoice placed on record which showed actual use of the trademark MAGIC MOMENTS ELECTRA by the plaintiff was dated 18th March, 2016, whereas the defendant had admittedly been using the trademark GODFATHER ELECTRA in relation to Beer and other goods falling under Class 32 since 13th August, 2014.

20. Learned counsel for the defendant contended that despite having registration for the trademark ELECTRA since 2004, the plaintiff had not used the same in relation to any of their goods and business until June, 2015. He further contended that prior to commencing use of the trademark ELECTRA/GODFATHER ELECTRA in 2013, the defendant conducted a market survey. He stated that at that time no products bearing the mark ELECTRA were found.

21. Learned counsel for the defendant submitted that he is the honest and bonafide adopter and user of the trade mark ELECTRA. He further submitted that the defendant had vested rights in the trademark ELECTRA/GODFATHER ELECTRA. He relied on Section 34 of the Trade Marks Act, 1999, specifically its heading and submitted that the heading constitutes a separate defence. Section 34 of the Trade Marks Act, 1999 is reproduced hereinbelow:-

"34. Saving for vested rights.-Nothing in this Act shall entitle the proprietor or a registered user of registered trade mark to interfere with or restrain the use by any person of a trade mark identical with or nearly resembling it in relation to goods or services in relation to which that person or a predecessor in title of his has continuously used that trade mark from a date prior-

(a) to the use of the first-mentioned trade mark in relation to those goods or services by the proprietor or a predecessor in title of his; or

(b) to the date of registration of the first-mentioned trade mark in respect of those goods or services in the name of the proprietor or a predecessor in title of his;

whichever is the earlier, and the Registrar shall not refuse (on such use being proved) to register the second mentioned trade mark by reason only of the registration of the first-mentioned trade mark."

(emphasis supplied)

22. Learned counsel for the defendant emphasized that though the defendant may not be a prior registrant of the mark ELECTRA, it was a prior user. He further submitted that as a prior user of the trademark, the defendant had rights superior to a prior registrant of the same mark. In support of his submission, he relied upon a judgment of the Supreme Court in Neon Laboratories Ltd. Vs. Medical Technologies Ltd. &Ors., 2015 (64) PTC 225 (SC) wherein it has been held as under:-

"6. It may be reiterated that the respondent-plaintiffs assert that their predecessor-in-interest had initiated user of the trade mark PROFOL in 1998, when it commenced production thereof and the respondent-plaintiffs succeeded to the user of the mark upon amalgamation with their predecessor-in-title in the year 2000. The position that emerges is that whilst the appellant-defendant had applied for registration of its trade mark several years prior to the respondent-plaintiffs (1992 as against 26-5-1998 at the earliest), the user thereof had remained dormant for twelve years. We can appreciate that this passivity may be the result of research of the product or the market, but the appellant-defendant will have to explain its supineness through evidence. In this interregnum, the respondent-plaintiffs had not only applied for registration but had also commenced production and marketing of the similar drug and had allegedly built up a substantial goodwill in the market for PROFOL. The legal nodus is whether the prior registration would have the effect of obliterating the significance of the goodwill that had meanwhile been established by the respondent-plaintiffs. Would a deeming provision i.e. relating registration retrospectively prevail on actuality-competing equities oscillate around prior registration and prior user.

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9. ....The question to examine, then, would be whether prior user would have to be anterior to the date of application or prior to the user by the appellant-defendant. In other words, the question before the Court would remain whether the situation on the date of application for registration alone would be relevant, or whether the developments in the period between this date and the date of grant of registration would have any bearing on the rights of the parties. All these considerations will be cast into a curial cauldron to be appreciated by the

Court before which the suit is being contested. In these premises, we cannot conclude that a prima facie case has not been disclosed by the respondent-plaintiffs."

23. Learned counsel for the defendant stated that the plaintiff had not been in continuous use of the trademark ELECTRA since 2004, i.e. the date from which they claimed use of the trade mark. Learned counsel for defendant submitted that due to non-use of the trademark ELECTRA from 2004 until June, 2015 the plaintiff had no protectable interest in the impugned trademark. In support of his submission he relied on *Veerumal Praveen Kumar vs. Needle Industries (India) Ltd.* 2001 PTC 889 (Del) (DB). The relevant portion of the said judgment is reproduced hereinbelow:-

"30. We are in agreement with the view of the learned Single Judge of the Bombay High Court that if there is non-user for a long period of time then by mere registration of the mark continuing the respondents would not be entitled to any injunction. This view is further reinforced by the judgment in *Imperial Group's case* (supra), wherein it was held that where there is no trading to give rise to a goodwill there is no interest to be protected by a trademark and such a trademark cannot exist in vacuum."

24. Learned counsel for the defendant lastly relied upon the judgment of a learned single judge of this Court in *L.D. Malhotra Industries Vs. Ropi Industries*, PTC (Suppl) (2) 564 (Del) wherein it has been held as under:-

"19. This section saves vested rights. This means that the anterior use by a person of a trade mark is protected under law. This was the position at common law. The common law rule was that a mark did not become a 'trade mark' until it had been publicly used as such by its proprietor and that such public use was the only means by which title to a trade mark could be acquired by the first proprietor of it (See *GEC 2 case* (supra)). The 1958 Act recognised this principle of common law and embodied it in Section. 33."

#### PLAINTIFF'S ARGUMENTS

25. Per contra, learned senior counsel for plaintiff stated that the plaintiff restricts his claim for infringement of the plaintiff's registered trade mark ELECTRA. He stated that on 23rd December, 2004, the plaintiff had applied for registration of the word mark ELECTRA under Class 33 of the Trade Marks Act, 1999 for alcoholic beverages bearing No.1327603 claiming user since 01st December, 2004. He stated that the aforesaid application was registered on 28th March, 2007.

26. Learned senior counsel for plaintiff stated that the plaintiff was also the prior user of the trade mark ELECTRA. He stated that apart from conducting the test launch in 2004, the plaintiff also engaged the services of Quantum Market Research Pvt. Ltd. for "Project Higher" between 2006-2007 for conducting category and concept research and study of the brand ELECTRA for Vodka in

Delhi, Mumbai and Bangalore. In support of his contention, he relied on invoices dated 21st February, 2006 and 12th June, 2006 issued by Quantum Market Research Pvt. Ltd.

27. He further stated that on 01st January, 2007 the plaintiff entered into an agreement with Hindustan National Glass & Industries Ltd. towards developing, producing and supplying glass bottles of various brands including ELECTRA.

28. He also stated that in 2014 the plaintiff began its pre-launch preparations for use of the mark ELECTRA for ready to drink alcoholic beverages which included various labels designed by third parties. In support of his contention, he relied upon e-mails dated 16th November, 2014 and 25th November, 2014 at page Nos.101 to 115 of the plaintiff's documents. He stated that subsequently in June 2015, the plaintiff launched its ready to drink alcoholic beverages under the mark ELECTRA. In support of his statement, he relied on the Invoice dated 18th March, 2016 issued by the plaintiff.

29. Learned senior counsel for plaintiff further stated that the defendant had been selling Beer since 1984 under its main mark GODFATHER. He stated that in 2014 the defendant without explanation added ELECTRA to its successful flagship brand GODFATHER. He contended that while the defendant's main brand was GODFATHER, the plaintiff's main mark for its ready to drink alcoholic beverages was ELECTRA.

30. Learned senior counsel for the plaintiff contended that the plaintiff had a valid registration for the word mark ELECTRA which had not been challenged by the defendant. He further contended that the mark ELECTRA was an arbitrary mark with regard to alcoholic and ready to drink beverages. He emphasized that the counsel for the defendant had not disputed that beer and alcoholic beverages are similar goods sold through identical trade channels. Consequently, according to him, a case of infringement of registered trade mark under Section 29(2) of the Trade Marks Act, 1999 was made out.

31. Learned senior counsel for plaintiff submitted that under Section 34 of the Trade Marks Act, 1999 the defendant was entitled to protection if he was a user prior to the plaintiff's registration or plaintiff's use, whichever was earlier. In support of his submission he relied on Pfizer Products Inc. vs. Rajesh Chopra & Ors.2007 (35) PTC 9 (Del.). The relevant portion of the said judgment is reproduced hereinbelow:-

"63. I also find that Section 34 of the Trademarks Act requires that in order to successfully assert a right against the registered proprietor of a trademark, the defendant has to establish use of the trademark which is prior to the date of registration of the plaintiff's trademark. In this case, the plaintiff's registrations for Zoloft though granted in the year 2005 related back to 18th of November, 1992 while for the trademark Geodon, the registration granted in later related back to 18th of July, 1996.

The defendant has filed documents of sales being conducted by it only in the year 2003. There is therefore admittedly no prior user giving the defendant any right which could be urged to be superior to the rights of the plaintiff in the registered trademark."

32. Learned senior counsel for the plaintiff contended that the defendant could not rely on Section 34 as the plaintiff was the prior adopter, registrant and user of the trademark ELECTRA. He emphasised that since 2006, the plaintiff had been conducting production activities with regard to the trademark ELECTRA with Quantum Market Research Pvt. Ltd and Hindustan National Glass & Industries Ltd. - which amounted to use of the impugned trade mark.

He contended that the plaintiff's use as well as registration of the trademark ELECTRA was prior in time to the defendant's first invoice dated 13th August, 2014.

33. Learned senior counsel for the plaintiff submitted that the heading "Saving for Vested Rights" of Section 34 of the Trade Marks Act, 1999, did not constitute a separate defence. In support of his submission, he relied upon Bhinka & Ors. Vs. Charan Singh, 1959 Supp(2) SCR 798 wherein it has been held as under:-

"15. ....Maxwell on Interpretation of Statutes, 10th Edn., gives the scope of the user of such a heading in the interpretation of a section thus, at p. 50:

"The headings prefixed to sections or sets of sections in some modern statutes are regarded as preambles to those sections. They cannot control the plain words of the statute but they may explain ambiguous words."

If there is any doubt in the interpretation of the words in the section, the heading certainly helps us to resolve that doubt."

#### COURT'S REASONING

THE RIGHTS OF REGISTERED PROPRIETORS OF A TRADE MARK AS WELL AS THE REMEDIES AVAILABLE TO AN AGGRIEVED PARTY ON ACCOUNT OF NON-USE OF A REGISTERED TRADE MARK ARE CLEARLY STIPULATED IN THE TRADE MARKS ACT, 1999. IN THE PRESENT CASE, THE PLAINTIFF BEING THE REGISTERED PROPRIETOR OF THE MARK AND NO PROCEEDING FOR REMOVAL OF THE REGISTERED

TRADEMARK FROM THE REGISTER UNDER SECTION 47(1)(B) HAVING BEEN FILED BY THE DEFENDANT, PLAINTIFF HAS THE EXCLUSIVE RIGHT TO USE THE SAME.

34. Having heard learned counsel for the parties, this Court is of the opinion that it is essential to first analyze the scheme of the Trade Marks Act, 1999, to examine the rights of registered proprietors of the trade mark as well as the remedies available to an aggrieved party on account of non-use of a registered trade mark, as the plaintiff has restricted its suit for infringement.



35. Section 18 of the Trade Marks Act, 1999, permits an application for registration of a trademark to be filed on a used or proposed to be used basis. The relevant portion of Section 18 of the Trade Marks Act, 1999 is reproduced hereinbelow:-

"18. Application for registration.-(1) Any person claiming to be the proprietor of a trade mark used or proposed to be used by him, who is desirous of registering it, shall apply in writing to the Registrar in the prescribed manner for the registration of his trade mark."

(emphasis supplied)

36. From the Section it is apparent that registration of a trademark is not dependent on use. It postulates that an application for registration of a trademark can be made on a proposed to be used basis.

37. Section 28 of the Trade Marks Act, 1999 gives a registered proprietor of a trademark the exclusive right to use the trademark. The relevant portion of Section 28 is reproduced hereinbelow:-

"28. Rights conferred by registration.-(1) Subject to the other provisions of this Act, the registration of a trade mark shall, if valid, give to the registered proprietor of the trade mark the exclusive right to the use of the trade mark in relation to the goods or services in respect of which the trade mark is registered and to obtain relief in respect of infringement of the trade mark in the manner provided by this Act."

(emphasis supplied)

38. Section 29(2)(a) of the Trade Marks Act, 1999, postulates that a registered trademark is infringed if a person, not being the registered proprietor uses an identical/deceptively similar mark in relation to goods or services similar to that for which the trademark has been registered. Section 29(2)(a) of the Trade Marks Act, 1999 is reproduced hereinbelow:-

"29. Infringement of registered trade marks.-(2) A registered trade mark is infringed by a person who, not being a registered proprietor or a person using by way of permitted use, uses in the course of trade, a mark which because of-

(a) its identity with the registered trade mark and the similarity of the goods or services covered by such registered trade mark; or

xxx xxx xxx

is likely to cause confusion on the part of the public, or which is likely to have an association with the registered trade mark."

(emphasis supplied)

39. In opinion of the Court, in the event of non-use of a registered trademark, the Trade Marks Act, 1999 provides a remedy to the aggrieved party to seek

removal of the registered trademark from the register under Section 47(1)(b). The relevant portion of Section 47 of the Trade Marks Act, 1999 is reproduced hereinbelow:-

"47. Removal from register and imposition of limitations on ground of non-use.-

(1) A registered trade mark may be taken off the register in respect of the goods or services in respect of which it is registered on application made in the prescribed manner to the Registrar or the Appellate Board by any person aggrieved on the ground either-

(a).....or

(b) that up to a date three months before the date of the application, a continuous period of five years from the date on which the trade mark is actually entered in the register or longer had elapsed during which the trade mark was registered and during which there was no bona fide use thereof in relation to those goods or services by any proprietor thereof for the time being....."

(emphasis supplied)

40. Section 2(2)(c)(i) of the Trade Marks Act, 1999 defines "use of a mark" in a very broad manner. Under the said Section use of a trademark is not limited to sale of goods or services bearing the trademark only. The said provision is reproduced below:-

"2. Definitions and interpretation.-

xxxx xxxx xxxx

(2) In this Act, unless the context otherwise requires, any reference-

xxxx xxxx xxxx

(c) to the use of a mark,-

(i) in relation to goods, shall be construed as a reference to the use of the mark upon, or in any physical or in any other relation whatsoever, to such goods;"

(emphasis supplied)

41. At this stage, it is relevant to mention that Section 27(2) of the Trade Marks Act, 1999 clearly stipulates that nothing in the said Act shall affect rights of action against any person for passing off goods as the goods of another person. Accordingly, the Trade Marks Act, 1999 affords no bar to a passing off action. Prior use and goodwill are two of the indispensable ingredients, required to be positively established by the party seeking injunction, in a passing off action.

42. In the present case, the plaintiff being the registered proprietor of the mark and there being no passing off action filed by the defendant, plaintiff has the exclusive right to use the same.

HOWEVER SECTION 34 PROVIDES A DEFENCE IN A SUIT FOR INFRINGEMENT

AND PERMITS SECOND REGISTRATION OF THE SAME MARK. IN THE PRESENT CASE, THE CONDITION PRECEDENT IN SECTION 34 OF THE TRADE MARKS ACT, 1999 IS NOT SATISFIED AS THE DEFENDANT'S USE IS NOT PRIOR TO THE PLAINTIFF'S REGISTRATION OF THE TRADE MARK. FURTHER THE HEADING OF A SECTION DOES NOT CONSTITUTE AN INDEPENDENT DEFENCE.

43. However, Section 34 defines when vested rights are saved. The said Section provides a defence in a suit for infringement and permits second registration of the same mark provided the second applicant had been continuously using that trademark from a date prior to the use or date of registration of the first proprietor/registered user's trade mark, whichever is earlier. In the event the Registrar concludes that the conditions precedent in Section 34 are satisfied and registers the trade mark of the second applicant, then the exclusive right to the use of the trade marks shall not be deemed to have been acquired by anyone of those persons as against any other of those persons merely by registration of the trade mark. (See: Section 28(3) of Trade Marks Act, 1999).

44. In fact, the Supreme Court in *S. Syed Mohideen vs. P. Sulochana Bai*, (2016) 2 SCC 683 has held, in case of conflict between two registered proprietors, evaluation of better rights in common law is essential to enable the court to determine whose rights are better and superior in common law which have been recognized in the form of registration. It was held that "the action for passing off which is premised on the rights of prior user generating a goodwill shall be unaffected by any registration provided under the Act."

45. This Court is further of the opinion that a heading of a Section cannot control the plain words of a Statute, but may explain ambiguous words. It is well settled law that the heading of a Section does not constitute an independent defence. The heading of a Section can only be an approximation and may not cover all the detailed matters falling within a Section. Further, in case of conflict between the plain language of the provision and the meaning of the heading or title, the heading or title would not control the meaning which is clearly and plainly discernible from the language of the provision there under. [See: *Liebert Corpn Australia Pty Ltd. Vs Collector of Customs*, [1993] FCA 525 and *Raichurmatham Prabhakar & Anr. vs. Rawatmal Dugar*, (2004) 4 SCC 76]. In *Re Application by the Local Government Auditor*, (2003) NIQB 21, (16) it was held, "...a heading is of very limited use in interpretation because of its necessarily brief and inaccurate nature...." (emphasis supplied)

46. Consequently, Section 34 of the Trade Marks Act, 1999 at the highest, is a defence in a suit for infringement provided the conditions precedent in the said Section are satisfied, namely, that the defendant's use of the impugned mark is prior to the plaintiff's use of the mark and/or prior to plaintiff's registration, whichever is earlier i.e., in the present case the defendant's use has to be prior not only to plaintiff's use but also to plaintiff's registration.

47. In the present case the plaintiff's application for registration of the word

mark ELECTRA bearing no. 1327603 is dated 23rd December, 2004 and upon registration on 28th March, 2007, it relates back to the date of the application; whereas the defendant's earliest claimed use is only of 25th April, 2013 or 13th August, 2014. Consequently, the condition precedent in Section 34 of the Trade Marks Act, 1999 is not satisfied in the present case as the defendant's use is not prior to the plaintiff's registration of the trade mark. Accordingly, the defence of Section 34 is prima facie not available to the defendant.

THE JUDGMENTS CITED BY LEARNED COUNSEL FOR DEFENDANT ARE INAPPLICABLE TO THE FACTS OF THE PRESENT CASE.

48. This Court is of the opinion that the judgment of the Apex Court in Neon Laboratories Ltd. Vs. Medical Technologies Ltd. &Ors.(supra) relied upon by learned counsel for the defendant is inapplicable to the facts of the present case as the said judgment deals with an action for passing off and not infringement. Furthermore, the Apex Court did not give a final finding on the issue of whether prior use would have to be anterior to the date of application for registration and/or prior to the other party's use. In fact, it left the issue open. The relevant portion of the said judgment is reproduced hereinbelow:-

"2. As is to be expected, the assertion in the plaint is that the Defendant-Appellant is marketing and passing off its products as that of the Plaintiff-Respondents.

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9. This Court approved the grant of an injunction in favour of the prior user. Additionally, in the recent decision in S. Syed Mohiden v. P. Sulochana Bai [S. Syed Mohiden v. P. Sulochana Bai, (2016) 2 SCC 683 : (2015) 7 Scale 136] this Court has pithily underscored that the rights in a passing-off action emanate from common law and not from statutory provisions, nevertheless the prior user's rights will override those of a subsequent user even though it had been accorded registration of its trade mark .....All these considerations will be cast into a curial cauldron to be appreciated by the Court before which the suit is being contested. In these premises, we cannot conclude that a prima facie case has not been disclosed by the respondent-plaintiffs."

(emphasis supplied)

49. The judgment of this Court in the case of L.D. Malhotra Industries Vs. Ropi Industries (supra) is also clearly inapplicable as in the said case the challenge was to a rectification order removing a mark from the Register at the instance of a prior user and subsequent registrant.

50. In fact, neither Neon Laboratories Ltd. Vs. Medical Technologies Ltd. &Ors. (supra) nor S. Syed Mohidden Vs. P. Sulochana Bai (supra) or L.D. Malhotra Industries Vs. Ropi Industries (supra) are an authority for a defence under Section 34 of the Trade Marks Act, 1999 in an action for infringement of a registered trade mark.

51. This Court is further of the opinion that reliance on the judgment *Veerumal Praveen Kumar vs. Needle Industries (India) Ltd.* (supra) by learned counsel for the defendant is misconceived. In the said judgment there had been non-use of a registered trademark for forty years except 1977-79. Nothing had been placed on record to show that the plaintiff-respondent had come back into business in India at any subsequent stage of time. Apart from non-use, the Court also noted that the delay on the part of the plaintiff-respondent, permitted the defendant-appellant to expend money over a considerable period of time and to build up a business bearing the mark in question. The relevant portion of the said judgment reads as under:-

"...there cannot be any hard and fast rule in determining the cut-off point when non-use of the registered mark would disentitle the trader to any protection. It would depend upon facts and circumstances of each case...We are persuaded to take this direction as the object of the Trade Mark Act is to protect the proprietary right of a registered trademark holder but not to be a source of monopoly where the holder of the trademark does not, prima facie, carry on business for over a long period of time, as in the present case."

52. Consequently, the judgments cited by learned counsel for defendant are inapplicable to the facts of the present case.

THIS COURT IS OF THE PRIMA FACIE OPINION THAT THE DEFENDANT IS NOT EVEN THE PRIOR USER OF THE IMPUGNED MARK.

53. In the present case the plaintiff had been continuously using the impugned mark ELECTRA with regard to pre-launch and preparatory activities at least since 2006-07.

54. This Court is prima facie of the view that the plaintiff's pre-launch and preparatory activities with regard to the trade mark ELECTRA amounts to use under the Trade Marks Act, 1999. The plaintiff had engaged the services of Quantum Market Research Pvt. Ltd. in 2006 for conducting category and concept research and study of the brand ELECTRA for Vodka. Furthermore, it had entered into an agreement with Hindustan National Glass & Industries Ltd. in 2007 for developing, producing and supplying glass bottles of various brands including ELECTRA. The plaintiff has also filed emails dated 16th November, 2014 and 25th November, 2015 showing various labels designed by third parties with regard to use of the mark ELECTRA for ready to drink alcoholic beverages.

55. This Court is of the opinion that the averments in the plaint regarding continuous use of the registered word mark ELECTRA would have to be believed at this stage, especially since contemporaneous documents have been filed along with the plaint.

56. In *Hardie Trading Ltd. and Anr. Vs. Addisons Paint and Chemicals Ltd.*, 2003 (27) PTC 241 (SC), the Apex Court has given an expansive and wide interpretation to the expression "use", contrary to the judgment of a learned

single judge of this Court in L.D. Malhotra Industries Vs. Ropi Industries (supra). The relevant portion of the said judgment reads as under:-

"42. This shows that the use may be other than physical. It may be in any other relation to the goods. Given this statutory meaning, we see no reason to limit the user to use of the goods or to sale of goods bearing the trade mark.

43. In *Hermes Trade Mark* [1982 RPC 425, the registered proprietor had inserted advertisements in which the trade mark appeared in relation to the watches it manufactured in the annual trade publication. It was also in evidence that the registered proprietor placed an order for parts of the watches during the period of alleged non-use although the actual sale of the watches took place subsequently. In this factual background, the words, "other relation" in an identical statutory provision in the United Kingdom were construed to mean "something other than actually being upon the goods or in physical relation to them - that would cover the use of the mark,....., for example, in advertisements, in invoices, in orders and so on". It was also said, the phrase "in the course of trade" must be wide enough to embrace the steps necessary for the production of the goods as well as the actual placing of them on the market. It was held that even though there was no use of the mark upon or in physical relation to the goods, but it was used in "other relation" i.e. to say in non-physical use.

44. A more recent example of the law in England of such "non-physical use" is to be found in *Bon Matin Trade Mark*, 1989 RPC 536. The trade mark was registered in the United Kingdom in 1979 in respect of a range of cosmetics. The registered proprietor was a resident of France and manufactured and sold the goods there. In 1984, an application was made to expunge the registration on the ground that there had been no bona fide use of the mark in the United Kingdom for a continuous period of five years. The only use of the mark prior to the date of the application was by issue of price lists and promotional literature on two occasions. A distributor was appointed by the proprietor in the United Kingdom subsequent to the application for rectification and the first sale of the goods took place 3 years after that. The Court held that the intention of the registered proprietor to seek to establish a market not on any temporary basis but on the basis of continuous sales had been proved. As they had been struggling to market the goods in the United Kingdom and ultimately, were successful in finding a distributor, it was held that this was sufficient use of the mark by the proprietor for the purpose of defeating the applications for its removal.

45. In Section 2(2)(b) of the Act, we have the additional words "any" and "whatsoever" qualifying the words "other relation" giving the words a much wider meaning.

Reading this definition into Section 46(1) it is clear that the word "use" in Section 46(1) may encompass actions other than actual sale.

xxx xxx xxx

50. As far as this country is concerned, Section 46(3) of the Act statutorily prescribes the intention to abandon as an essential component of non-use for the purposes of Section 46(1). In *American Home Products Corporation v. Mac Laboratories Pvt. Ltd and Anr.*, [1981] 1 SCC 465, this Court was called upon to decide whether there was any bona fide use of the trade mark in relation to goods by the proprietor or for the purposes of Section 46(1)(a) of the Act. Under Section 46(1)(a), the trademarks which were registered without any bona fide intention to use them in relation to the goods and which have in fact not been used by the proprietor from the date of such registration upto to the date of the application of registration, are liable to be taken off the register. The Court held that both the intention of the proprietor not to use the trade mark at the time of registration and also the actual non-use of the trade mark subsequent thereto had to be proved. The evidence in that case was that prior to registration, the proprietor had entered into a collaboration agreement with an Indian company to manufacture and, market its products. Subsequent to the registration, the Indian company obtained a licence for the purpose of imposing a machine to manufacture proprietor's goods, obtained samples from the proprietor and took other steps to manufacture the goods, but no products were in fact put on the market. After the application for rectification was filed, a registered user agreement was entered into between the proprietor and the Indian company. It was not in dispute that the goods had not been sold during the alleged period of non-use. Dismissing the application for rectification, this Court held :

"A person who intends to manufacture goods on has made preparations for the manufacture of goods but the manufacture has not commenced and, therefore, goods have not been marketed is nonetheless entitled to get the trade mark which he proposes to use in relation to those goods registered. In the present day world of commerce and industry, a manufacturing industry can neither be commenced nor established overnight.

There are innumerable preparatory steps required to be taken and formalities to be complied with before the manufacture of goods can start and the manufactured goods marketed. The process must of necessity take time. If the position were that the mere non-user of a trade mark for the period mentioned in clause(a) of Section 46(1) would make a trade mark liable to be taken off the Register, it would result in great hardship and cause a large number of trade marks to be removed from the Register, because the moment one month has elapsed after the registration of a trade mark has been ordered, a trade rival can make an application on the ground set out in clause (a) of Section 46(1) claiming that there has been no bona fide use of the trade mark up to a date one month before the date of his application."

51. Although the decision was given in the context of Section 46(1)(a), nonetheless, it would show that an intention to use does not necessarily mean that the proprietor must show the marketing of the goods under the trade mark...."

(emphasis supplied)

57. This Court is of the prima facie opinion that the plaintiff has been using the trademark ELECTRA since at least 2006 and consequently, the defendant is not even the prior user of the impugned mark.

THE SUPREME COURT HAS HELD THAT PROTECTION OF A REGISTERED TRADE MARK IS NOT DEPENDENT ON ITS USE

58. The Apex Court in M/s Gujarat Bottling Co. Ltd. and others v. Coca Cola Company and others (1995) 5 SCC 545 has held that protection of a registered trade mark is not dependent on its use. The relevant portion of M/s Gujarat Bottling Co. Ltd. and others v. Coca Cola Company and others (supra) is reproduced hereinbelow:-

"11....In respect of a trade mark registered under the provisions of the Act certain statutory rights have been conferred on the registered proprietor which enabled him to sue for the infringement of the trade mark irrespective of whether or not mark is used...."

THE USE OF THE IMPUGNED MARK BY THE DEFENDANT PRIMA FACIE CONSTITUTES AN INFRINGEMENT UNDER SECTION 29(2)(A) OF THE TRADE MARKS ACT, 1999.

59. Consequently, the use of the impugned mark by the defendant prima facie constitutes an infringement under Section 29(2)(a) of the Trade Marks Act, 1999.

THE DEFENDANT FAILED TO DISCHARGE ITS DUTY OF CARE AND DUE DILIGENCE AS IT HAD NOT CONDUCTED A SEARCH IN THE TRADE MARKS REGISTRY WITH REGARD TO THE IMPUGNED MARK ELECTRA FOR GOODS FALLING UNDER CLASSES 32 AND 33 BEFORE ADOPTING THE SAID MARK.

60. This Court is also of the prima facie opinion that the defendant, being a big corporation, had failed to discharge its duty of care and due diligence as it had not conducted a search in the Trade Marks Registry with regard to the impugned mark ELECTRA for goods falling under Classes 32 and 33 before adopting the said mark. It is pertinent to mention that it is an admitted position that Beer and Alcoholic goods are similar goods traded under the same channels.

THERE IS PRIMA FACIE NO DELAY ON THE PART OF THE PLAINTIFF. IN ANY EVENT, RELIEF OF AN INJUNCTION IN CASES OF INFRINGEMENT OF A REGISTERED TRADEMARK INJUNCTIONS MUST ORDINARILY FOLLOW

61. There is also no delay on part of the plaintiff as the defendant had been put to notice on 02nd November, 2016 when the plaintiff discovered the defendant's use of the impugned mark ELECTRA.

Following the legal notice dated 02nd November, 2016 there had been a continuous exchange of correspondence between the parties as would be apparent from the defendant's reply dated 17th November, 2016 as well as



supply of all of the plaintiff's documentation to the defendant at its request and reminder notices sent by the plaintiff to the defendant on 03rd February, 2017 and 13th May, 2017.

62. Furthermore, in a judgment subsequent to *Veerumal Praveen Kumar vs. Needle Industries (India) Ltd.* (supra), the Apex Court in *Midas Hygiene Industries P. Ltd. & Anr. v. Sudhir Bhatia & Ors.*, 2004 (28) PTC 121 (SC) has held that the relief of an injunction in cases of infringement of a registered trademark injunctions must ordinarily follow. The relevant portion of the said judgment is reproduced herein below:-

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

(emphasis supplied)

#### CONCLUSION

63. Keeping in view the aforesaid, this Court is of the opinion that a prima facie case of infringement of trademark is made out in favour of the plaintiff and balance of convenience is also in its favour. Further, irreparable harm or injury would be caused to the plaintiff if an injunction order is not passed.

64. Consequently, the defendant, its partners, proprietors, companies" sister concerns, directors, executives, as the case may be, its officers, servants and agents or anyone acting for and on their behalf are restrained from manufacturing, exporting, marketing, offering for sale, selling, advertising or in any manner dealing with any Alcoholic Beverages including but not limited to Beer and Ready to Drink Beverages under the trademark "ELECTRA" or from adopting any other mark or label which is identical or deceptively similar to the Plaintiff's registered trade mark ELECTRA.

65. Accordingly I.A. 3483/2018 is allowed and I.As.4354/2018 and 4355/2018 are dismissed.