

MANU/DE/1631/2008

Equivalent Citation: 156(2009)DLT83, MIPR2009(1)143, 2009(39)PTC38(Del)**IN THE HIGH COURT OF DELHI**

CS(OS) No. 1164 of 2001

Decided On: 14.11.2008

Appellants: **Beiersdorf A.G.****Vs.**Respondent: **Ajay Sukhwani and Anr.****Hon'ble Judges/Coram:**

Sanjiv Khanna, J.

Counsels:

For Appellant/Petitioner/plaintiff: Rajeev K. Virmani, Adv

For Respondents/Defendant: Pratibha M. Singh, Saya Chaudhary and Jashan Jot, Advs.

Subject: Intellectual Property Rights**Acts/Rules/Orders:**

Trade Marks Act, 1958 ;Arbitration and Conciliation Act, 1996 - Section 43; Uniform Domain Name Dispute Resolution Policy Rules ;Trade and Merchandise Mark Rules, 1958

Cases Referred:

K.K. Modi v. K.N. Modi (1998) 3 SCC 573; Reckitt and Colman v. Borden (1990) RPC 341; S.C. Cambatta v. CEPT (1961) 2 SCR 805; Mahindra and Mahindra Paper Mills Ltd. v. Mahendra and Mahendra Ltd. AIR 2002 SC 117; Ciba Geigy Ltd. v. Surinder Singh 1998 PTC 545; Daimler Benz v. Hybo Hindustan AIR 1994 Delhi 239; Honda Motors co. Ltd. v. Charanjit Singh and Ors. 101 (2002) DLT 359; Khoday Distilleries Limited v. Scotch Whisky association and Ors. 2008(37) PTC 413(SC); Ramdev Food Products Pvt. Ltd. v. Anand Bhai Ram Bhai Patel and Ors. (2006) 8 SCC 726; Ansul Industries v. Shiva Tobacco Company FAO No. 228/2005; N.R. Dongre v. Whirlpool Corporation 1996 PTC 16(SC)

Citing Reference:

Discussed		8
Mentioned		3

Case Note:

Civil - Res judicata - Complaint by plaintiff to Administrative Authority against alleged use of deceptively similar domain name by Defendant- Rejection of complaint by ICANN - plaintiff-registered proprietor of the mark "Nivea" with respect to toiletry products filed suit for passing off and restraining Defendants, engaged in educational and allied services, from using a similar or deceptively similar domain name as that of plaintiff's - Defendants however, contended that the suit is not maintainable as the complaint by plaintiff on the issue has been rejected by ICANN which would act operate as a res judicata against institution of current suit - Held, finality is not attached to the decision of the administrative panel - For res judicata to apply, the decision between the parties should have attained finality - Civil suit maintainable before and after administrative proceedings

Intellectual Property Rights - Trade marks - Infringement of - Claim for passing off - plaintiff-registered proprietor of the mark "Nivea" with respect to toiletry products filed suit for passing off and restraining Defendants, engaged in educational and allied services, from using a similar or deceptively similar trade mark as that of plaintiff - Held, plaintiff to succeed in a claim for passing off is required to prove and establish goodwill and the mark associated or identified with the plaintiff is distinctive of plaintiff's goods or services as a source of the said goods or services - In the present case, the plaintiff enjoys goodwill and the word "NIVEA" is recognized and accepted by the general public as associated with plaintiff

Intellectual Property Rights - Trade marks - Infringement of - Claim for passing off - Defendant contended that there is no issue of passing off or likelihood of deception as the goods and services of the parties are entirely different and distinct from each other - Held, to succeed in a suit for

passing off, it is not necessary that both parties should be in the same line of business - The test is not whether the parties are in the same line of business or in connected line of business but whether there is likelihood of confusion or the Defendants has tried to mislead - In the present case, looking at the similarity of the two marks, fraudulent adoption of the said mark by the Defendants, the nature and extent of the goodwill of the plaintiff, nature and difference of trade by itself is not sufficient to defeat the suit for passing off

Intellectual Property Rights - Trade marks - Infringement of - Claim for passing off - Proof of actual damages - Actual damage need not be proved and possibility of damage is enough - When a Defendant acts with the intention to deceive the public, there is reasonable possibility of injury - In the present case, there is injury as the Defendants had acted in the manner calculated to deceive

Civil - Trade mark infringement - Defence of delay in filing suit — Held, when there is dishonesty or fraud in the initial adoption of a trade name, plea of laches and delay normally is rejected - If the initial adoption itself is mala fide and tainted, it does not become valid and legal with passage of time - In the present case, initial adoption of trade mark is dishonest, so plea of delay is rejected

Civil - Trade mark infringement - Defence of acquiescence - Held, ratio of Ramdev Food Products Pvt. Ltd. v. Anand Bhai Ram Bhai Patel and Ors applied - Acquiescence” is a facet of delay, when a party allows the other to invade his right and spend money and the conduct of the party is such that it is inconsistent with the claim for exclusive rights for trade mark, trade name-Mere silence or inaction does not amount to acquiescence

Ratio Decidendi:

“Civil suit is maintainable before and after administrative proceedings and finality is not attached to the decision of the administrative panel.”

“plaintiff to succeed in a claim for passing off is required to prove and establish goodwill and that the mark associated or identified with the plaintiff is distinctive of plaintiff’s goods or services as a source of the said goods or services.”

“To succeed in a suit for passing off, the test is not whether the parties are in the same line of business or in connected line of business but whether there is likelihood of confusion or the Defendants has tried to mislead.”

“Actual damage need not be proved and possibility of damage is enough. When a Defendant acts with the intention to deceive the public, there is reasonable possibility of injury.”

“When there is dishonesty or fraud in the initial adoption of a trade name, plea of laches and delay normally is rejected.”

“Mere silence or inaction does not amount to acquiescence.”

JUDGMENT

Sanjiv Khanna, J.

1. M/s. Beiersdorf AG, the plaintiff is the registered proprietor of the mark NIVEA under Class 3, toiletries, under the Trade Marks Act, 1958 (hereinafter referred to as the Act, for short). Defendant no.-2 M/s. Nivea International is a partnership firm and Mr. Ajay Sukhwani, defendant no.1 is one of its partners. It is engaged in the business of educational consultancy and allied services. The plaintiff has filed the present suit for passing off and restraining the defendants from using mark/word NIVEA as a trademark/trade name or as a part of trading style and also from operating a website with the domain name www. niveainternational. com.

2. On the basis of the pleadings and documents filed by the parties, the following issues were framed on 8th November, 2005:

(i) Whether the plaintiff is the proprietor of the trademark NIVEA and is entitled to protect the said trademark in respect of different goods/services

(ii) Whether the trademark NIVEA is a well known trademark of the plaintiff

(iii) Whether by use by the defendant of the trademark/tradename NIVEA as well as the website over the internet bearing the name www.niveainternational.com the defendant is passing off its business/services as and those of the plaintiff

(iv) Whether the plaintiff has come to this Court with clean hands and has suppressed any material facts from this Court

(v) Whether the suit suffers from delay, laches and acquiescence

(vi) Relief.

3. Parties have filed affidavits by way of evidence of Mr. Sudhir D. Ahuja, PW- 1 for the plaintiff and Mr. Ajay Sukhwani, DW-1 for the defendants. Parties have not cross examined the witness produced by the other side, on the ground that facts are admitted. By an ex parte order of injunction dated 1st June, 2001, the defendants have been restrained from using the mark NIVEA as a part of their trading name or style and the website www.niveainternational.com or the domain name niveainternational.com. The said order continues to be in operation. It is stated by the defendants that they did not press for vacation of stay or variation of the injunction order as the trial in the suit was expedited. ISSUE NOS. 1 TO 4

4. Issue nos. 1 to 4 are interconnected, inter related and are therefore being dealt with together. The plaintiff came into existence in 1890 and is incorporated under the laws of Germany. The plaintiff coined and adopted the mark NIVEA, which was registered as a mark in Germany on 23rd June, 1905. In 1911, the plaintiff started first commercial use of the mark NIVEA and by 1991, NIVEA cream was available in 150 countries. The plaintiff started marketing its products in India in 1943. The plaintiff had made an application for registration of mark NIVEA in India in Clause 3 on 12th April, 1943. The registration was granted and has continued since then. The mark Nivea has been continuously, extensively and uninterruptedly used by the plaintiff in India and worldwide.

5. It cannot be doubted and to be fair to the learned Counsel for the defendants they did not contest that the mark NIVEA is a well known and a respected trademark.

6. The defendants defence in addition to delay and laches, which is subject matter of issue no.5, is based upon the following arguments:

(i) Decision dated 25th June, 2001 of the administrative panel of the World Intellectual Property Organisation rejecting the complaint of the plaintiff against defendant no.2.

(ii) There is no likelihood of deception as (a) the line of activity i.e. educational services is entirely different and distinct from the goods marketed and sold by the plaintiff under the mark NIVEA, (b) plaintiff cannot claim a universal right to use the mark NIVEA and (c) services provided by the defendants are utilized by well educated persons belonging to middle class and therefore there is no confusion or even likelihood of confusion. EFFECT OF WIPO DECISION

7. The decision dated 25th June, 2001 of the administrative panel of the World Intellectual Property Organisation (hereinafter referred to as WIPO, for short) is Exhb.DW 1/1. The said decision was made on the complaint made by the plaintiff against grant of registration of the domain name www.niveainternational.com to the defendant no.2 by the registrar of Domain Public Inc., Vancouver, Canada. The said decision is under the Uniform Domain Name Dispute Resolution Policy (hereinafter referred to as 'Policy', for short) adopted by Internet Corporation of Assigned Names and Numbers (hereinafter referred to as ICANN, for short) and the 'Rules for Uniform Domain Name Dispute Resolution Policy' (hereinafter referred to as Rules, for short), framed by them. The 'Policy' and 'Rules' were not filed along with documents but since both parties have relied upon, I have taken them on record as Exhibits 'C' and 'D' and relevant provisions have been quoted below.

8. A domain name is an identity or name, which distinguishes the registrant from another. Internet allows universal access cutting across boundaries. Domain name therefore gives universal exclusivity. No two domain names can be exactly similar. International registration of Domain Name System (DNS) is regulated by ICANN.

9. Registration of domain name is an administrative act, which involves a request to the domain name registry, payment of fee and allotment, if there is no prior user with the same domain name. Registration being ministerial act is not a pronouncement on the question of violation or infringement of trademark, deception, confusion, etc. At the same time, ICANN was conscious that there can be complaints of infringement of trademark or deception. Therefore, each applicant seeking registration has to give an undertaking to agree to mandatory administrative proceedings in case of a complaint by a third party in respect of the domain name. Clause 4(a) of the Policy reads as under:

4. Mandatory Administrative Proceeding.

This Paragraph sets forth the type of disputes for which you are required to submit to a mandatory administrative proceeding. These proceedings will be conducted before one of the administrative-dispute-resolution service providers listed at www.icann.org/udrp/approved-providers.htm (each, a 'Provider').

a. Applicable Disputes. You are required to submit to a mandatory administrative proceeding in the event that a third party (a 'complainant') asserts to the applicable Provider, in compliance with the Rules of Procedure, that

(i) your domain name is identical or confusingly similar to a trademark or service mark in which the complainant has rights; and

(ii) you have no rights or legitimate interests in respect of the domain name; and

(iii) your domain name has been registered and is being used in bad faith.

In the administrative proceeding, the complainant must prove that each of these three elements are present.

10. Clause 4 mandates that an applicant must agree to submit to mandatory administrative proceeding, if a third person makes a complaint. Administrative proceedings are initiated, when in a complaint it is asserted that conditions of clause 4 (a) are satisfied. Domain name registered in favour of the applicant can be cancelled or transferred on satisfaction of the three conditions mentioned in the sub clause 'a'. Onus is on the complainant to prove that the three elements are present.

11. Sub-clause 'b' of Clause 4 of the policy¹ lists four circumstances regarded as evidence of registration and use of domain name in bad faith. These circumstances are not inclusive or exhaustive. ICANN is not a participant before the administrative panel or in the administrative proceedings and is not liable for the decisions rendered by the administrative panel. Clause 4 (i) of the Policy stipulates that the administrative panel decision is limited to cancellation of domain name of the applicant or for transfer of the said domain name to the complainant. No other relief can be granted by the administrative panel.

12. Clause 3, Clause 4(k) and Clause 5 of the Policy read as under:

Clause 3

3. Cancellations, Transfers, and Changes. We will cancel, transfer or otherwise make changes to domain name registrations under the following circumstances:

a. Subject to the provisions of Paragraph 8, our receipt of written or appropriate electronic instructions from you or your authorized agent to take such action;

b. Our receipt of an order from a court or arbitral tribunal, in each case of competent jurisdiction, requiring such action; and/or

c. Our receipt of a decision of an Administrative Panel requiring such action in any administrative proceeding to which you were a party and which was conducted under this Policy or a later version of this Policy adopted by ICANN. (See Paragraph 4(i) and (k) below.)

We may also cancel, transfer or otherwise make changes to a domain name registration in accordance with the terms of your Registration Agreement or other legal requirements.

Clause 4(k) :

k. Availability of Court Proceedings. The mandatory administrative proceeding requirements set forth in Paragraph 4 shall not prevent either you or the complainant from submitting the dispute to a court of competent jurisdiction for independent resolution before such mandatory administrative proceeding is commenced or after such proceeding is concluded. If an Administrative Panel decides that your domain name registration should be canceled or transferred, we will wait ten (10) business days (as observed in the location of our principal office) after we are informed by the applicable Provider of the Administrative Panel's decision before implementing that decision. We will then implement the decision unless we have received from you during that ten (10) business day period official documentation (such as a copy of a complaint, file-stamped by the clerk of the court) that you have commenced a lawsuit against the complainant in a jurisdiction to which the complainant has submitted under Paragraph 3(b)(xiii) of the Rules of Procedure. (In general, that jurisdiction is either the location of our principal office or of you address as shown in our Whois database. See Paragraphs 1 and 3(b)(xiii) of the Rules of Procedure for details.) If we receive such documentation within the ten (10) business day period, we will not implement the Administrative Panel's decision, and we will take no further action, until we receive (i) evidence satisfactory to us of a resolution between the parties; (ii) evidence satisfactory to us that your lawsuit has been dismissed or withdrawn; or (iii) a copy of an order from such court dismissing your lawsuit or ordering that you do not have the right to continue to use your domain name.

Clause 5

5. All Other Disputes and Litigation. All other disputes between you and any party other than us regarding your domain name registration that are not brought pursuant to the mandatory administrative proceeding provisions of Paragraph 4 shall be resolved between you and such other party through any court, arbitration or other proceeding that may be available.

manupatra 13. As per clause 3, ICANN will cancel, transfer or make changes to a registered domain name where (a) the registrant himself makes a request, (b) an order of the court or a tribunal of competent jurisdiction requires such action and (c) when an order is passed by an administrative panel. Use of the word 'and/or' in clause 3 indicates that sub-clause 'a' , 'b' and 'c' are independent and distinct.

14. Clause 5 stipulates that disputes other than disputes relating to domain name, cannot be made subject matter of mandatory administrative proceedings. All other disputes have to be resolved by 'you'-the registrant and the other party through court, arbitration or any other proceedings. Administrative proceedings are restricted to the question of domain name.

15. Clause 4(k) states that mandatory administrative proceedings shall not prevent the registrant or the complainant from raising a dispute before a court for independent resolution before or after mandatory administrative proceedings. The word 'concluded' used in the first sentence of Clause 4(k), is a pointer that parties have right to go to court, even after administrative proceedings have concluded and a decision is rendered. Latter part of sub-clause (k) states that ICANN shall wait for a period of ten days before implementing a decision of the administrative panel to cancel or transfer the domain name and within this period, the registrant can submit certified document that he has commenced a law suit or legal proceedings against the complainant. The use of the word 'you' in Clause 4(k) refers to the registrant in contradiction to the complainant. The last part of the said sub-clause stipulates that the registrant can commence a law suit in a jurisdiction to which the complainant has submitted under paragraph 3(b)(xiii) of the Rules of Procedure. Paragraph 3(b)(xiii) of the Rules of Procedure (excluding other paragraphs) reads as under:

Rule 3. The Complaint

(b) The complaint shall be submitted in hard copy and (except to the extent not available for annexes) in electronic form and shall:

(xiii) State that Complainant will submit, with respect to any challenges to a decision in the administrative proceeding canceling or transferring the domain name, to the jurisdiction of the courts in the Mutual Jurisdiction.

16. The term 'mutual jurisdiction' for the purpose of the Rules has been defined in Paragraph 1 as under:

Mutual Jurisdiction means the jurisdiction either (a) at the principal office of the Registrar (if the domain-name holder has submitted in its Registration Agreement to that jurisdiction for court adjudication of disputes concerning or arising from the use of the domain name) or (b) at the location of the domain-name holder's address as shown for the registration of the domain name in Registrar's Who is database at the time of the complaint (if the domain-name holder has not submitted to such jurisdiction in the Registration Agreement).

17. Accordingly, when the plaintiff made the complaint to WIPO, under Rule 3(b)(xiii) they agreed to submit to the jurisdiction of the courts of mutual jurisdiction i.e. courts located at the principal office of the Registrant as in the present case the domain name holder had submitted to their jurisdiction in the Registration agreement. In this connection, learned Counsel for the defendants had brought to my notice, amendment made by the plaintiff to the complaint on 2nd May, 2001, incorporating the following clause:

In accordance with Paragraph 3(b)(xiii) of the Rules, the Complainant agrees to submit only with respect to any challenge that may be made by the Respondent to a decision by the Administrative Panel to transfer or cancel the Domain Name that is the subject of this Complaint to the jurisdiction of the courts in the location of the principal office of the Registrar.

(This document was not filed with the list of documents by the defendants but was with the consent of the parties placed on record at the time of arguments.

For the sake of convenience the document is marked Exhb. 'E').

18. The aforesaid undertaking was in terms of Rule 3(b)(xiii).

19. Rule 3(b)(xiii) and the undertaking reveals that it will apply only when the registrant decides to challenge a decision of the administrative panel to transfer or cancel the domain name and in such cases the complainant has to agree to submit to a court of mutual jurisdiction i.e. the place where principal office of the registrar is located, if the registrant has agreed and in other cases, the place of registrant's address as shown in the data base at the time of the complaint. For the said Rule and the undertaking to apply, there should be a decision of the administrative panel to transfer or cancel the domain name. The aforesaid undertaking and Rule 3(b)(xiii) will not apply, if the complaint is dismissed. When a complaint case is dismissed, the Rules and undertaking quoted above do not prescribe or fix a court of mutual jurisdiction. The complainant can take action against the registrant in a court of competent jurisdiction as per private international law or municipal law. If the intention of the Rules is to confer exclusive jurisdiction in the court of mutual jurisdiction even when a complaint is dismissed, they would have been worded differently. The words

manupatra 'any challenge which may be made by the respondent', cannot be replaced by the words 'any challenge made by the parties' or 'complainant'. Similarly, instead of the words 'decision of the administrative panel to transfer or cancel domain name' the words 'any challenge to the decision of the administrative panel' would have been used. The words cannot be modified and amended to read that any challenge or litigation by the complainant against the registrant can be exclusively in the court of mutual jurisdiction as defined in the Rules or the undertaking.

20. It is not possible to accept the contention of the defendant that the decision of the administrative panel is an award or a binding decision which operates as *res judicata*. It is not adjudication in a strict sense. Parties do not appear and address arguments before the administrative panel. No evidence is recorded. There is no cross examination. Decision of the administrative panel is an administrative decision, which is open to challenge in a court of law if the domain name is cancelled/transferred. When a complaint is dismissed, the complainant, if he is not satisfied with the decision, is at liberty to initiate legal proceedings against the registrant therein in accordance with law in a court of competent jurisdiction. ICANN under Clause 3 of the policy will cancel or transfer registration on decision by a court of competent jurisdiction requiring such action. Finality is not attached to the decision of the administrative panel. For *res judicata* to apply, the decision between the parties should have attained finality. Civil suit is maintainable before and after administrative proceedings. It is also not possible to accept the contention of the defendants that the decision of the administrative panel is an award. There is no arbitration agreement between the parties. Administrative panel is not an arbitrator. There is no adjudication of mutual rights by an arbitrator. The words of the Policy itself indicate and are a pointer that the decision of the panel is administrative. Registration of domain name is an administrative process and when a challenge is made to the registration of the domain name, an administrative decision is taken on the basis of parameters or guidelines. It cannot be said that the administrative decision is an award which can be enforced as a domestic award or as an international award or is recognized under Section 43 of the Arbitration and Conciliation Act, 1996. It is also not a protective shield that bars or prohibits court proceedings. Clause 4(k) of the Policy permits court proceedings during pendency of a complaint or even after decision of the complaint. The object behind the Policy is to ensure expeditious, cheap and speedy disposal of complaints regarding registration of domain name. Policy creates a contract based scheme for addressing disputes between the domain name registrants and third parties challenging the registration and use of domain name. The unique contractual arrangement renders the provision of judicial review of arbitration awards inapplicable. Law recognizes that there can be decisions, which are not awards or court decisions (Refer, K.K. Modi v. K.N. Modi reported in MANU/SC/0092/1998 : [1998]1SCR601).

21. plaintiff had filed a complaint before WIPO on or before 1st May, 2001. But this fact was not disclosed in the plaint filed on 31st May, 2001. The reason given by the plaintiff is mistake on the part of the officers who were involved in filing of the plaint as it is claimed that they were not aware of the said fact. The plaintiff should have been careful but I am not inclined to deny relief to the plaintiff on this ground alone for the date of the decision by the administrative panel is 25th June, 2001 i.e. after filing of the Suit and grant of the *ex parte* injunction order. Defendants were party to the complaint proceedings and therefore were aware. plaintiff has not gained or taken advantage by not mentioning about the complaint before the administrative panel. Policy has also been interpreted. Passing Off

22. Passing off is a common right which protects goodwill and reputation of a person and prevents dishonest or improper use of a goodwill by a third person. The principle is 'a man cannot sell his own goods on the pretence that they are goods of another man'.

23. For establishing a case for passing off, the plaintiff is required to prove (a) goodwill, (b) deception by a third person and (c) damage or possible damage to the claimant/plaintiff. The three requirements are inter connected and causal connection between goodwill, deception and damage or possible damage should be established. A claim of passing off requires adjudication into the nature and extent of the plaintiff's goodwill in a mark, label etc., deception or misstatement made by the defendant with reference to goodwill of the plaintiff and whether it has caused or is likely to cause injury or loss to the goodwill of the plaintiff. The nature and extent of goodwill, misstatement and deception made is substantially a question of fact. Lord Oliver in *Reckitt and Colman v. Borden* reported in (1990) RPC 341 had explained classical trinity of reputation, deception and damage in the following words:

The law of passing off can be summarised in one short general proposition-no man may pass off his goods as those of another. More specifically, it may be expressed in terms of the elements which the plaintiff in such an action has to prove in order to succeed. These are three in number. 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 'get-up' (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 plaintiffs' 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. Whether the public is aware of the plaintiffs' identity as the manufacturer or

supplier of the goods or services is immaterial, so long as they are identified with a particular source which is in fact the plaintiffs. For example, if the public is accustomed to rely upon a particular brand name in purchasing goods of a particular description, it matters not at all that there is little or no public awareness of the identity of the proprietor of the brand name. Thirdly, he must demonstrate that he suffers or, in a quia timet action that he is likely to suffer, damage by reason of the erroneous belief engendered by the defendants' misrepresentation that the source of the defendants' goods or services is the same as of the source of those offered by the plaintiff.

24. Goodwill includes benefit or advantage of a name and reputation in business. It is an attractive force, which distinguishes the owner from others. Goodwill can vary, can be less or more depending upon a number of factors like period of time, acceptability, honesty, quality, extent of publicity etc. (Refer, S.C. Cambatta v. CEPT reported in MANU/SC/0254/1960 : [1961]41ITR500(SC)). plaintiff to succeed in a claim for passing off is required to prove and establish goodwill and the mark associated or identified with the plaintiff is distinctive of plaintiff's goods or services as a source of the said goods or services. The mark or label should distinguish the plaintiff from others.

25. The word NIVEA is a coined or an invented word and not a generic, dictionary or a descriptive word. The said word was adopted nearly 100 years ago by the plaintiff in 1911. The word NIVEA is derived from a Latin word 'nix, nivis'. The plaintiff has placed on record ample evidence and material to establish and it is a matter of common knowledge that the word/mark NIVEA is a household name, in India and worldwide. It has been extensively advertised worldwide and is registered in over 110 countries including India. The plaintiff enjoys goodwill and the word NIVEA is recognized and accepted by the general public as associated with plaintiff. The said mark stands for high quality, commands respect and is distinctive of plaintiff. Middle class and upper middle class in India have been using NIVEA products and the same are regarded as products of good quality and reputation.

26. The second requirement in the trinity is deception. Deception implies misstatement by the defendant so as to take benefit and advantage of plaintiff's goodwill. Deception means telling falsehoods about oneself viz. claiming association or connection with the third person to advantage of his reputation. A statement or representation becomes deceitful, when it calculated to mislead users or prospective users by taking advantage of goodwill and reputation of the plaintiff. Misrepresentation can be direct as in case of counterfeit or indirect when the mark or label of the plaintiff is imitated, is descriptively, phonetically or visually similar. Misrepresentation can be implied and can take various shapes and forms but is established when the defendant adopts and starts using distinctive features identified with the plaintiff or his goods to market his goods or services so as to take advantage of the reputation and goodwill of the plaintiff. Misrepresentation takes place when consumers or some of them, believe or are likely to believe that the defendant's goods or services are associated or are from the same source as plaintiff's. When a representation is made so as to cause confusion about the source of goods/services, misrepresentation takes place. No one has a right to confuse consumers to make them believe that he is connected or associated with the plaintiff to take advantage of the faith in plaintiff's reputation. Misrepresentation infringes public rights and misleads them. A trader or a service provider should be fair in his dealings and not mislead or tell falsehoods about oneself.

27. Common law protects freedom of choice and rejects claim of monopoly over use of words and marks. While deciding question of misrepresentation or deception these two rights have to be balanced, depending upon facts of each case. This requires examination of nature and type of goods, services, area of business, location, extent of goodwill, class of consumers etc. There are cases where passing off claim has failed because goods/services are different or because of the nature of consumers possibility of confusion does not exist but in other cases inspite of difference in activities/goods, plaintiffs have succeeded.

28. Misrepresentation cannot exist in vacuum and is co-relatable to the extent, value and nature of goodwill of the plaintiff. Greater the goodwill, greater is the need to protect and wider is the cover and the field of protection. Household, well known or popular marks are given greater protection, when they cause to represent quality and have become synonymous with the public to represent a particular source. Some marks are such that the public relates any product carrying the said name/mark would emanate from the said source. Such marks may be few but protective umbrella in such cases is wider and extensive. These are marks where line between the goods and the name is blurred. The mark starts to represent the source or the person than merely a particular or specific type of goods or services. Mahindra and Mahindra Paper Mills Ltd. v. Mahendra and Mahendra Ltd. reported in MANU/SC/0724/2001 : AIR2002SC117 , Ciba Geigy Ltd. v. Surinder Singh reported in 1998 PTC 545, Daimler Benz v. Hybo Hindustan reported in MANU/DE/0035/1994 : AIR1994Delhi239 , Honda Motors co. Ltd. v. Charanjit Singh and Ors. reported in MANU/DE/1845/2002 : 101(2002)DLT359 etc. are all cases where products/goods were different but the marks involved were household names that have come to embody reputation of pre-eminent excellence and quality and therefore given broader protection. The mark NIVEA is recognized by all as a product of high quality and one which has international acceptance and recognition. The plaintiff who has developed and nurtured this mark to make it a household name and associate the name with products of high quality, is entitled to protection from third persons who want claim benefit of its reputation. The word NIVEA is associated with the plaintiff right from the very beginning i.e. from 1905 or at least in India from 1943.

manupate 29. For deciding misrepresentation or deception, why and reason for adoption of the mark/label by the defendant is relevant, though unintentional misrepresentation does not protect and save a trader. Wrongful or deliberate adoption of another's coined or invented mark is viewed strictly. The word NIVEA was coined by the plaintiff. It is not the case of the defendants that the word NIVEA is a dictionary word and only with the passage of time it has acquired distinctiveness. In case of coined words, the question of monopoly and justification for claiming monopoly is not relevant. The defendants have tried to justify adoption of the word NIVEA from the alphabet 'N' in the name of Narender, one of the partners of defendant No.2. It is also claimed that the words 'VE' have been taken from the name Vemla middle name of wife of defendant No.2, other partner of the company. It is also claimed that the alphabet 'A' is taken from the name of Mr. Ajay, one of the partners of the NIVEA Trading Company. The above contention is too spacious and farfetched to be accepted. Defendants are Indians, who have been using NIVEA cream and cosmetics for last more than 50 years. They belong to middle class who are familiar and aware that the said mark commands respect as a high quality international product. The initial adoption by the defendants is therefore fraudulent and wrongful. The explanation given for the said adoption by the defendants is rejected. It is quite clear that the defendants have deliberately, intentionally and wrongly adopted the mark/word NIVEA which belongs to and is owned by the plaintiff. The defendants have made a misrepresentation by adopting and using the word/mark 'Nivea International'. They have tried to mislead by claiming business connection or association with the plaintiff.

30. It was submitted by the defendants that the plaintiffs have failed to produce any member of public, who was actually deceived or misled and, therefore, misrepresentation and deception has not been established. Misstatement or deception has to be judged by the Court, keeping in mind consumers of services or goods of the defendant. The standard applied is not of a vigilant consumer but an unwary normal consumer of the products or services offered by the defendants. Further, test is not only deception but likelihood of deception. Question of misrepresentation requires examination of the two words/marks or labels to find out whether a purchaser of defendants' articles/services can be deceived or is likely to be deceived or misled. This is decided by noticing the distinctive features used by the plaintiff in his mark, name, label, etc. and whether there is resemblance of identity of the said distinguishing features in the mark, name or label, etc. of the defendants. A normal consumer is a man of imperfect recollection and the test is whether, considering the similarities between the two marks, a consumer is likely to get confused or misled.

31. Counsel for the defendants had submitted that the field of activity of the plaintiff and defendants are different. While the plaintiffs are marketing cosmetic products, the defendants are providing educational services to students, who want to study abroad. It was, thus submitted that there was no misrepresentation. In view of the nature and extent of goodwill, the said argument has to be rejected. As stated above, the present case is one of fraudulent adoption of the mark NIVEA by the defendants and not of unintentional infringement, therefore, the fact that the activities of the plaintiff and defendants, is not that important. Fraudulent adoption is frowned upon and may not be accepted even when there is difference between the fields of activities of the parties. To succeed in a suit for passing off, it is not necessary that both parties should be in the same line of business. Absence of common business is not fatal but one of the relevant facts which should be taken into consideration. The test is not whether the parties are in the same line of business or in connected line of business but whether there is likelihood of confusion or the defendants has tried to mislead. In cases of coined words, a plaintiff with passage of time and goodwill can get exclusively identified by the said mark. The mark/word NIVEA is associated with the plaintiff. Defendants are trying to take advantage and benefit of the said goodwill by adopting the mark NIVEA for educational services provided by them. Looking at the similarity of the two marks, fraudulent adoption of the said mark by the defendants, the nature and extent of the goodwill of the plaintiff, nature and difference of trade by itself is not sufficient to defeat the suit for passing off. The consumers or customers of the defendants may be educated and belong to middle class, both lower and upper, but use of the mark 'NIVEA International' by the defendants will cause or is likely to cause confusion and belief that the defendants are connected or associated with the plaintiff. A person belonging to the middle class, who has been using or has heard of NIVEA cream/cosmetics, will normally assume some connection between the plaintiff and the defendants. The defendants are trying to say something about themselves which is not correct i.e. defendants are associated or connected with the plaintiff. Defendants are trying to take advantage of the attraction in the mark Nivea. Defendants are trying to project a connection between themselves and the plaintiff. 32. The word NIVEA is common to both the plaintiff and the defendants. The use of the word 'International' by the defendants with the word NIVEA does not in any manner distinguish the defendants from the plaintiff. On the other hand, word 'International' symbolizes and conveys that the defendants have international presence and when used with the word NIVEA amounts to a representation that the defendants are or may be associated or connected with the plaintiff, an international company having presence all over the globe. The fact that NIVEA products are available internationally all over the world, causes confusion about connection between education abroad and the plaintiff company. Several international companies or multinational companies have set up universities and colleges.

In these circumstances, it is held that the plaintiff has been able to establish misrepresentation on the part of the defendants.

33. The third aspect is whether the plaintiff has suffered any damage or injury because of false representation made by the defendants. Actual damage need not be proved and possibility of damage is enough. Here again argument of the defendants that no witness has been produced by the plaintiff to prove actual damage is without merit. Damage refers to injury and loss caused to the reputation or trade of the plaintiff. Injury is to the

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goodwill of the plaintiff and can take place by various modes like diversion of sales, misappropriation of business reputation or misappropriation of personality. Injury is suffered by erosion of the distinctiveness of the brand name and debasement of the reputation. Depreciation or gradual damage, erosion or delusion of plaintiff's name causes injury. When a defendant acts with the intention to deceive the public, there is reasonable possibility of injury. In the present case, as already stated above, is one of fraudulent adoption and therefore I accept the argument of the plaintiff that there is injury as the defendants had acted in the manner calculated to deceive. Damage/loss in the present case can be presumed as a natural consequence of misrepresentation. The present case is one of misappropriation of business reputation of the plaintiffs by the defendants by using the mark NIVEA International. The present case is also one of erosion and delusion of exclusiveness, which the plaintiff enjoys in the mark NIVEA, a coined word created by the plaintiff. It is invasion of this right of the defendants which has caused injury to the plaintiff. Thus, the third trinity is also satisfied in the present case.

34. Passing off protection also extends to domain names. The above reasoning will equally apply to the domain name of the defendant's www.niveainternational.com. The administrative panel has held that the plaintiff has been able to establish the identical or confusing similarity but not illegitimacy. For the said finding, the administrative panel has relied upon official government certificates and correspondence of the defendants. Government certificates granting licences to open a shop, etc. is not a pronouncement or a judgment on legitimacy of the mark. The question of misrepresentation has been examined in detail above, while deciding the question of passing off. Issues are accordingly decided in favour of the plaintiff. Issue no.5

35. Learned Counsel for the defendants submitted that the prayer for injunction should be dismissed on the ground of delay, laches and acquiescence. It was submitted that the defendants have been using the word NIVEA since 1973 when father of defendant no.1 along with some of his relatives started a partnership firm M/s Nivea Trading Company for trade in wrist watches and in 1974, the said partnership firm had obtained a shop and establishment license. It was submitted that thereafter in 1977, mother of Defendant No.1 herein Mrs. Punita Assan Sukhwani had applied for registration of the trademark NIVEA in Class 14 (watches and jewellery) which was granted under the Trade and Merchandise Mark Rules, 1958 and the said registration continues. It was stated that in 1979, the partnership firm had launched 'NIVEA wrist watches' in Mumbai and a news article was published. In 1981, the name of the partnership firm was changed to 'Nivea Time'. It was stated that the firm name was changed to 'Niveas' in 1983. In 1989, the defendant no.2 partnership firm 'Nivea International' was established and the said firm has been registered with Government of India under the import-export code and has been filing income tax returns, etc.

36. The question of delay, laches and acquiescence has been examined in several cases. Whenever these pleas are raised, each case is required to be examined on its own merit (Refer, Khoday Distilleries Limited v. Scotch Whisky association and Ors. reported in MANU/SC/2361/2008 : MIPR2008(2)253 and Ramdev Food Products Pvt. Ltd. v. Anand Bhai Ram Bhai Patel and Ors. reported in MANU/SC/3725/2006 : 2006(33)PTC281(SC)).

37. Delay alone may not be sufficient to deny relief, unless it has caused prejudice to the defendant who in view of the delay has come to nurture a belief that the plaintiff has consciously given up his rights to claim infringement or passing off. In Ramdev's case (supra), the Supreme Court has observed that 'acquiescence' is a facet of delay, when a party allows the other to invade his right and spend money and the conduct of the party is such that it is inconsistent with the claim for exclusive rights for trademark, trade name. Mere silence or inaction does not amount to acquiescence. Action and conduct of both parties have to be examined to determine whether it would be unjust and inequitable to injunct the defendants on the ground of delay. Lapse of time unless compounded with other factors is normally not taken as a bar to grant of injunction. In Ansul Industries v. Shiva Tobacco Company (FAO No.228/2005) pronounced on 16th January, 2007 the following principles were culled out:

In view of the entire case law discussed above, the following principles of law emerge:

i. Mere delay is not sufficient to defeat grant of injunction in cases of infringement of trade mark. Delay is not a bar to enforce and claim a legal right.

ii. Consent in addition to other statutory defences is a complete defence to action for infringement.

iii. Consent may be expressed or implied but inaction in every case without anything more does not lead to an inference of implied consent. Implied consent means conduct inconsistent with claim of exclusive right over the trade mark, trade name etc. Implied consent implies standing by or allowing the defendant to invade rights and by conduct encouraging the defendant to expend money, expand business, alter their condition etc. in contravention of the rights of the proprietor. In the case of Power Control Appliances v. Sumeet Machines (P) Limited (supra), Supreme Court has held that acquiescence implies positive act and not merely silence or inaction as is involved in laches.

iv. Defences under the common law are also available to the defendant. Prior user is a valid defense.

v. Balance of convenience between the parties should be taken into consideration by the Court, while deciding the question of grant of injunction. Unexplained laches accompanied by prejudice and/or other reasons can be a ground to deny injunction. However, prejudice in such cases does not mean mere simplicitor delay. Onus in this regard is on the defendant.

vi. Where initial adoption by the defendant itself is vitiated by fraud and/or is dishonest, delay is not a valid ground to allow misuse. If user is at the inception is tainted by fraud and dishonesty, continuous use does not bestow legality.

vii. Interest of general public who are the purchasers and buyers has to be protected. In case to protect general public/consumers, injunction order is required to be passed, delay by itself is not un-surpassable obstacle.

38. In the present case it has been held that the initial adoption by the defendants was dishonest. When there is dishonesty or fraud in the initial adoption of a trade name, plea of laches and delay normally is rejected. If the initial adoption itself is malafide and tainted, it does not become valid and legal with passage of time. The defendants were also always conscious of their wrong and had continued to use the mark NIVEA on their own peril and risk. In these circumstances, plea of delay, laches and acquiescence cannot be accepted to reject claim for injunction.

39. Further, defendants have not been able to establish acquiescence on the part of the plaintiff. There is no material and evidence to establish that the turnover from the shop or sales of Nivea watches was substantial, the mark had become well known to be associated independently with the defendants and the mark and its association with the defendants was allowed to grow and expand with approval of the plaintiff. Defendants to justify their claim have filed multiple copies of same documents, which does not further their case. Some relatives of the defendants may have started using the word/mark NIVEA for their partnership firm or even as a name of their shop but it cannot be said that defendant no.1 or defendant no.2 had come to believe that they too can adopt the same mark. Moreover, relatives of defendant no.1 are no longer manufacturing NIVEA watches. Defendant No. 1's mother has not transferred or assigned trade mark Nivea under class 14 in favour of the defendants. Defendants are not manufacturing watches. Prior user's rights are protected and a claim for passing off is maintainable by a prior user against a registered user (Refer, N.R. Dongre v. Whirlpool Corporation reported in 1996 16 PTC (SC)). Prejudice that may be caused to the defendants is a relevant consideration but the defendants for last six years are using a different trade name. Moreover, general public interest does not support the defence of the defendants. General public should not be confused and be under any doubt. Relief

40. In view of the above findings, the Suit filed by the plaintiff is partly decreed. Decree of permanent injunction is passed in favour of the plaintiff and against the defendants in terms of prayer Clause 'a' and 'b'. The defendants will within a period of four weeks from today file an affidavit stating that they have destroyed all blank and unutilised papers and documents bearing the offending mark/tradename NIVEA and have applied to authorities for amendment/modification. Learned Counsel for the plaintiff has not pressed his prayer for rendition of accounts. plaintiff will be entitled to costs.