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**Equivalent Citation:** MIPR2012(3)261, 2013(53)PTC137(Del)**IN THE HIGH COURT OF DELHI**

CS (OS) No. 812/1997 and Counter Claim No. 725/1998

Decided On: 05.09.2012

Appellants: **Exide Industries Limited**  
**Vs.**Respondent: **Exide Corporation, U.S.A & Ors.****Hon'ble Judges/Coram:**

Hon'ble Mr. Justice Valmiki J. Mehta

**Counsels:**

For Appellant/Petitioner/Plaintiff: Mr. Rajiv Nayyar, Senior Advocate with Ms. Rashmi Virmani, Advocate, Mr. Rishi Aggarwala, Advocate, Mr. Darpan Wadhwa, Advocate and Ms. Misha Rohatgi, Advocate

For Respondents/Defendant: Ms. Pratibha M. Singh, Advocate with Ms. Bitika Sharma, Advocate and Ms. Anusuya Mehrotra, Advocate

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

Code of Civil Procedure, 1908 (CPC) - Section 9; Companies Act, 1956 - Section 2(18A); Specific Relief Act 1963 - Section 38; Trade And Merchandise Marks Act, 1958 [repealed] - Section 111 , Trade And Merchandise Marks Act, 1958 [repealed] - Section 2(x), Trade And Merchandise Marks Act, 1958 [repealed] - Section 23 , Trade And Merchandise Marks Act, 1958 [repealed] - Section 27 , Trade And Merchandise Marks Act, 1958 [repealed] - Section 27(2), Trade And Merchandise Marks Act, 1958 [repealed] - Section 29 , Trade And Merchandise Marks Act, 1958 [repealed] - Section 30, Trade And Merchandise Marks Act, 1958 [repealed] - Section 34, Trade And Merchandise Marks Act, 1958 [repealed] - Section 37 , Trade And Merchandise Marks Act, 1958 [repealed] - Section 56

**Citing Reference:**

Discussed		5
Distinguished		2
Mentioned		3
Relied On		2

**Case Note:****Trade Mark - Cancellation of registered Trade Mark - Power to cancel or vary registration and to rectify the register - Section 56 of the Trade Mark Act,1999; Section 9 of Code of Civil Procedure, 1908 (CPC) - Whether the Civil Court had jurisdiction to go into the aspect of the alleged fraud played on the Registrar and declare invalid the registration of the Trade Mark in favour of the Plaintiff?**

Held, as per Section 9 of Code of Civil Procedure, 1908 (CPC), every Civil Court has jurisdiction to try all suits unless cognizance of the same is expressly or impliedly barred. So far as the issue of cancellation of the Trade Mark is concerned, once there are specific authorities, including the High Court before whom an application for rectification of the Trade Mark is made, and since the same is admittedly pending, consequently, a Civil Court before whom injunction is prayed by the registered owner of the Trade Mark cannot go into the validity of the registration of the Trade Marks. In the present case, the cancellation of registered Trade Mark of the Plaintiff was not applied for before the concerned authority prior to the filing of the suit and nor was there an order passed by this Court taking a prima facie view for staying the suit and directing the Defendant to apply for cancellation of the registration. Since Section 111 provides for the suit to be stayed only by a specific order to enable the Defendant No. 1 to apply for cancellation of registration, and which was not the position in the present case, and hence this Court had to proceed further with respect to decision in this case. It was further stated that if Defendant No. 1 had thought that it had a very strong case, nothing prevented the Defendant No. 1 from moving an application under Section 111

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for this Court to take a prima facie view of the validity of registration and for stay of the proceedings in the suit, to enable the disputes between the parties, so far as registrations were concerned, to be determined in the proceedings initiated under Section 56 of the Act. Hence, registrations in favour of the Plaintiff were final, and once the registrations in favour of the Plaintiff were final, the Plaintiff was entitled to maintain the suit for infringement of the Trade Mark. Thus Civil Court had no jurisdiction to go into the aspect of the alleged fraud played on the Registrar and declare invalid the registration of the Trade Mark in favour of the Plaintiff.

**Trade Mark - Registered proprietor - Infringement of Trade Mark - Injunction sought - Whether the Plaintiff is the registered proprietor of the Trade Mark EXIDE in respect of batteries and other goods and hence entitled to injunction against the Defendant No. 1 from infringing the Trade Mark "EXIDE"?**

Held, this fact cannot be disputed in any manner that in the record of the Registrar of Trade Mark, as things stand today, the Plaintiff is the owner of the Trade Mark "EXIDE". The Defendant No. 1 does not dispute that by virtue of the registration certificates there was in the record of Registrar of Trade Mark ownership of the Trade Mark standing in the name of the Plaintiff.

**Trade Mark - Prior user - Infringement and passing off the Trade Mark - Section 27(2) of the Trade Marks Act, 1958 - Whether the use by the Plaintiff of the mark "EXIDE" amounts to passing off the trade mark/trade name of the Defendant No. 1?**

Held, the aspect of passing off is basically on the aspect of prior use. In Trade Mark law, prior use and adoption of a Trade Mark in relation to goods, which cause distinctiveness of the Trade Mark on account of sale of the goods under the Trade Mark in the market, makes the person who sell the goods under the Trade Mark, owner of the Trade Mark. Such prior user and adoption of the Trade Mark creates a legal right which prevails over even a subsequent registration of the Trade Mark by any other person. Common law rights in passing off are protected by Section 27(2) of the Trade Marks Act, 1958. In the present case, as per the assignment deed the Plaintiff company became the assignee of the registered Trade Marks which had vested not only with its predecessor Company M/s. Chloride Group Ltd. but also the Trade Marks which were registered in the name of CESCO in as much as M/s. Chloride Group Ltd. had acquired controlling interest in CESCO at the time when the assignment deed 1978 was executed by M/s. Chloride Group Ltd. in favour of the present Plaintiff. Thus, for the purposes of prior user, the user of the predecessor companies of the Plaintiff could be tagged on to the user of the Plaintiff company. The net effect of the above is that at least in around 1960 the predecessors-in-interest of the Plaintiff was found to be manufacturing batteries under the Trade Mark "EXIDE", and once the Plaintiff or its predecessors were not the registered users or licensees of the Defendant No. 1, Plaintiff and its predecessors-in-interest automatically would be selling the batteries under the Trade Mark "EXIDE" in their own rights, and so far as India is concerned, the Plaintiff and their predecessors-in-interest are the prior user of the Trade Mark "EXIDE". On the record of this Court, there were absolutely no documents from the year 1950 till the date of filing of the suit in the year 1997 that the Defendant No. 1 ever sold goods under the Trade Mark "EXIDE". In fact, this was more or less conceded on behalf of the Defendant No. 1 because once the Defendant No. 1 takes up a stand that there existed special circumstances i.e there were reasons for not selling the goods in India by the Defendant No. 1 under the Trade Mark because of special circumstances, it thus also stands admitted that the Defendant no. 1 did not sell goods under the Trade Mark "EXIDE" from around the year 1950 till filing of the suit in the year 1997. If there were no special circumstances, and the Plaintiff and its predecessor companies were found to have sold the goods under the Trade Mark "EXIDE" in their own rights, then, it would be the Plaintiff who would become owner of the Trade Mark and the Defendant No. 1 would have lost its rights to claim the ownership in India of the Trade Mark "EXIDE" even if the Defendant No. 1 was the prior user of the Trade Mark "EXIDE" till the years 1947/1950.

**Trade Mark - Infringement of Trade Mark - Acquiescence - Whether the Plaintiff is guilty of acquiescence and if so, to what effect?**

Held, that the Defendant No. 1 has failed to show any sale of goods under the Trade Mark "EXIDE" from 1950 to 1997, it had also failed to show any special circumstances, (much less having pleaded so), and hence, there does not arise any issue of acquiescence inasmuch as issue of acquiescence can be urged only if the Defendant had been selling goods in India under the Trade Mark "EXIDE" or there were special circumstances for not selling the goods under the Trade Mark "EXIDE".

**Ratio Decidendi:**

*"So far as the issue of cancellation of the Trade Mark is concerned, once there are specific authorities, including the High Court before whom an application for rectification of the Trade Mark*

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*is made, and since the same is admittedly pending, consequently, a Civil Court before whom injunction is prayed by the registered owner of the Trade Mark cannot go into the validity of the registration of the Trade Marks.*

*In Trade Mark law, prior use and adoption of a Trade Mark in relation to goods, which cause distinctiveness of the Trade Mark on account of sale of the goods under the Trade Mark in the market, makes the person who sell the goods under the Trade Mark, owner of the Trade Mark. "*

## JUDGMENT

**Valmiki J. Mehta, J.**

1. The issue in the present case centers around the ownership of trademark 'EXIDE'. The plaintiff claims ownership of the trademark on two grounds. The first basis is that the plaintiff is the registered owner of the trademark. The ownership earlier vested with a transferor-company and which ownership of the registered trademark was transferred to the plaintiff, and hence the suit for infringement. The second basis of claiming ownership of the trademark is the claim that plaintiff, so far as India is concerned, is the prior user, and hence by such prior use it has become the owner of the trademark. The defendant No. 1 contests the suit claims. It is urged that the defendant No. 1 is the parent company of the erstwhile predecessor-in-interest company of the plaintiff and which owned the trademark 'EXIDE'. It is pleaded that the defendant No. 1 is the worldwide owner of the trademark 'EXIDE' as it has consistently used the trademark since the beginning of the century, and which trade mark is registered in about 130 countries. What is strenuously pleaded/urged on behalf of the defendant No. 1 is that being the prior user worldwide, and since there exists transnational/spillover reputation in India, it is the defendant No. 1 who is the owner even in India of the trademark, and not the plaintiff. It is also urged that the registration which the plaintiff has in the trademark 'EXIDE' is not only void as it has been obtained by playing a fraud on the office of the Registrar of Trade Marks, but the same also has no effect in the eyes of law because the trademark 'EXIDE' by virtue of certain agreements which are relied upon by the plaintiff itself has necessarily to be retransferred and in fact stand retransferred to the predecessor-in-interest of the plaintiff M/s. Chloride Group Limited. Before giving the facts in detail, since the crux of the disputes have been reproduced, I would set out the issues which have been framed in this case. The following issues were framed in this case on 24.2.2006:-

1. Whether the plaintiff has played a fraud on the Registrar of Trade Mark in getting itself registered as a registered proprietor and if so, to that effect? OPD
2. Whether the plaintiff is the registered proprietor of the trade mark EXIDE in respect of batteries and other goods as per details mentioned in para-13 of the amended plaint? OPP
3. Whether the defendant No. 1 is a prior user of the Trade Mark 'Exide' in India and consequently the proprietor? OPD
4. Whether the plaintiff has suppressed any material and relevant facts and the suit deserves to be dismissed? OPD
5. Whether the plaintiff is guilty of acquiescence and if so, to what effect? OPD
6. Whether the defendant No. 1s have infringed the trade mark EXIDE of the plaintiff in relation to the same goods? OPP
7. Whether the defendant No. 1s are passing off their goods as the goods of the plaintiff?
8. Whether the use by the plaintiff of the mark 'EXIDE' amounts to infringement/passing off? OPD
9. Relief.

2. A reference to the aforesaid issues shows that the main subjects can basically be divided under two heads, firstly of the relief claimed by the plaintiff on the basis of registration of the trade mark and the corresponding defence that registration is either invalid/ illegal disentitling the plaintiff the relief of infringement, and secondly of the issue of the respective claims of the plaintiff and the defendant No. 1 with respect to each being the prior user and hence the owner; since in trademark law irrespective of registration of trademark; it is a prior user of a trademark which is the owner of the trademark.

3. For the purpose of discussion, therefore, the connected issues will be taken up together, however, first let me set out the necessary facts. A company M/s. Electric Storage Battery Company (ESBC) was incorporated in USA on 5.6.1888. The U.S. company incorporated a subsidiary company in U.K. on 10.12.1891 namely M/s. Chloride Electric Storage Co. Ltd. (CESCO). ESBC, the parent company was granted registration of the trademark 'EXIDE' in U.S.A. Since the CESCO was a group company of ESBC, CESCO was permitted to use the trademark. CESCO also came to be granted registration in U.K. for the trademark 'EXIDE' on 23.12.1902 numbered as 250920 (Ex. DW1/34). Pursuant to an order of a U. S. District Court dated 24.11.1947 (Ex. DW1/35), between the U.S. company and the U.K. company, an agreement was

entered into whereby the connection between the parent company ESBC and the U.K. company CESCO was snapped, however, under that agreement CESCO continued to have the right to use the trademark 'EXIDE'. This is an undisputed position on record that CESCO so far as U.K. was concerned was an independent owner of the trademark 'EXIDE'. It is the case of the plaintiff that CESCO started selling batteries in India under the name 'EXIDE' from U.K. however, subsequently CESCO applied for and was granted registration of the trademark 'EXIDE' even in India on 8.6.1942 (Ex. PW2/1 to Ex. PW2/3). CESCO is said to have set up its factory in India in around the year 1946 at Shyamnagar in West Bengal for manufacturing batteries. In the year 1947, the U.K. company got incorporated its group company in India M/s. Associated Battery Markers (Eastern) Ltd. (ABMEL). Thereafter, another company M/s. Chloride and Exide Batteries (Eastern) Private Ltd. (CEBEL) was incorporated in India on 31.1.1947 for marketing 'EXIDE' batteries, and which company became the subsidiary of ABMEL. CESCO's business was acquired by M/s. Chloride Group Ltd. in 1947 and hence CESCO therefore became group company of Chloride Group Limited. Chloride Group Limited also applied for and was granted on 23.4.1973 registration of the trademark 'EXIDE' under Clauses 9 and 11 in India bearing Nos. 287588 and 287589 (Ex. PW2/3 and Ex. PW2/4). The earlier trademark registration which was granted to CESCO on 8.6.1942 in India, had already come to be owned by Chloride Group Limited which had become parent company of the group company CESCO. On 7.2.1978, a deed of assignment was executed whereby the trademarks 'EXIDE' and 'IRONCLAD- EXIDE' were assigned to the present plaintiff company. The present plaintiff company applied for transfer of the registrations of the trademarks, and such assignment of the trademarks 'EXIDE' and 'IRONCLAD- EXIDE' was recorded in the name of the plaintiff company on account of the same having been assigned to the present plaintiff company by M/s. Chloride Group Limited. The recordal of the plaintiff as the owner of the registered trademarks took place on 14.2.1980 with respect to the trademarks 'EXIDE' and 'IRONCLAD-EXIDE' (Ex. PW2/1 and Ex. PW2/2). There are, of course, two other documents, one of 7.2.1978 dealing with the aspect of giving up by the plaintiff-company of rights in the trademark 'EXIDE' in certain eventualities; as also a subsequent re-assignment deed dated 2.6.1980 between the plaintiff and its predecessor-in-interest M/s. Chloride Group Limited; however, as my following discussion will show, these are aspects which would be immaterial so far as the infringement suit is concerned, and so far as the issue of passing off is concerned the only issue which has to be looked at and will be looked at from the point of view of the prior user of the trademark 'EXIDE'. Plaintiff also was granted registration of the trademark 'EXIDE' under Class 9 on 22.9.1980 (Ex. P-117). I may at this stage itself state that as on date in the records of the Registrar of Trademark the plaintiff is the registered owner of the trademark 'EXIDE'. The defendant No. 1 has however applied to the High Court of Calcutta under Section 56 of the Trade and Merchandise Marks Act, 1958 for cancellation of the registrations standing in the name of the plaintiff company, and which proceedings are pending. At this stage, I put on record that since this suit was filed in the year 1997 i.e. before the Trade Marks Act, 1999 came into force, the common case of both the parties before me is that the suit has to be decided in terms of the 1958 Act.

Plaintiff in the plaint claims that though it went into manufacture of batteries under the trademark 'EXIDE' from the year 1978 onwards, however, plaintiff is entitled to tag the user of the earlier owners of the trademark firstly of M/s. CESCO and thereafter of M/s. Chloride Group Ltd. i.e the plaintiff claims in effect the user of the trademark 'EXIDE' at least since 8.6.1942 when registration was granted of the trademark 'EXIDE' and 'IRON-CLAD EXIDE' to M/s. CESCO in India. The plaintiff also relies upon admission made by the defendant No. 1 in the preliminary objection No. 5 in the written statement that at least the predecessor of the plaintiff since about 1960 started manufacturing of batteries in India, though that paragraph also states that the predecessor of the plaintiff was only using the trademark 'EXIDE' as a registered user licensee. In terms of the aforesaid para in the written statement, so far as sale of batteries in the trademark 'EXIDE' since about the year 1960 by the plaintiff is not disputed, however, the issue will be whether the use of 'EXIDE' by the plaintiff/its predecessors is as registered users licensees or by the plaintiff/ its predecessors-in-interest in their own rights. The sum and substance of the case of the plaintiff is therefore the suit for infringement based on the registered trademark and the relief claimed for passing off on the basis of prior user.

The defendant No. 1 in defence pleads that registrations in favour of the plaintiff are of no legal effect because they have been obtained by fraud on the Registrar of Trademarks and with respect to which issue No. 1 is framed. It is also the case of the defendant No. 1 that plaintiff destroys its own case by referring to a second agreement dated 7.2.1978 (there being two agreements of this date 7.2.1978) which talks of the plaintiff losing ownership of the trademark if the controlling interest of M/s. Chloride Group Limited falls below a limit in the plaintiff company. It is also similarly urged in view of a Deed of Reassignment dated 2.6.1980. I may state that these documents are very much admitted documents because the plaintiff itself relies upon two agreements dated 7.2.1978 and reassignment deed dated 2.6.1980. The two agreements dated 7.2.1978 have been exhibited as Ex. P114 (colly) and the Reassignment Deed dated 2.6.1980 has been exhibited as Ex. P115. Defendant no. 1 also pleads ownership on account of being the prior user. In sum and substance therefore, the defendant No. 1 pleads ownership of the trademark by prior user and seeks to destroy the case of the plaintiff claiming infringement of the trademark on account of the plaintiff having illegally/fraudulently obtained registration of the trademark.

Issue Nos. 1,2 and 6

4. (i) These issues can be disposed of together and therefore discussion on these issues is being noted together. These issues are on the aspect as to whether the plaintiff is the registered proprietor of the trademark 'EXIDE' and hence entitled to injunction against the defendant No. 1 from infringing the trademark

(ii) This fact cannot be disputed in any manner that in the record of the Registrar of Trademark, as things stand today, the plaintiff is the owner of the trademark 'EXIDE'. The defendant No. 1 does not dispute that by virtue of the registration certificates Ex. PW2/1 to Ex. PW2/3 there is in the record of Registrar of Trademark ownership of the trademark standing in the name of the plaintiff. What the defendant No. 1 in the written statement pleads by its para 13 is that the agreement dated 7.2.1978 between the Chloride Group

Limited and the plaintiff for transfer of the trademark has resulted in a fraudulent and illegal grant of registration to the plaintiff. The defendant No. 1 argues that the assignment was a conditional assignment, and on account of failure to abide by the terms of the assignment the plaintiff is not the owner of the trademark and the registration is fraudulent. Additionally the defendant No. 1 contends that a true interpretation of the agreements actually shows that the intention of the predecessor companies of the plaintiff was to licence the marks to the plaintiff and not make the plaintiff as the owner of the trademark. In order to appreciate the stand of the defendant No. 1, para 13 of the written statement requires to be referred, and the same reads as under:-

13. The contents of Para 13 are denied in toto. The answering Defendant No. 1s submit that the Trademark Numbers 694 and 697 were originally registered in the name of the Chloride Electrical Storage Company Limited, as of 8th June 1942, in India. It is significant that the Plaintiff has not mentioned that the Registration Numbers 694 and 697 have been removed from the Register of Trademarks due to the non-payment of the renewal fees. No documents have been filed by the Plaintiff in relation to the registration of the Trademark Numbers 694 & 697. Thus, the Plaintiff, with mala fide intention and ulterior motive, has suppressed material facts from this Hon'ble Court. On this ground alone, the Plaintiff is disentitled to claim any relief from this Hon'ble Court. Furthermore, the agreements dated 7th February 1978 made between the Chloride Group Plc. and the Plaintiff for the transfer of the trademarks, were fraudulent and contrary to law. The true import and intention of the agreements was to license the marks to the Plaintiff and not to make the Plaintiff an owner of the trademarks. It was never the intention of the parties that the trademarks be permanently transferred to the Plaintiff. The agreement was entered into to circumvent the then policy of the Government of India not to allow the use of foreign brand names. The deed of assignment is on the fact of it an assignment of the trademarks without the goodwill of the business in which the trademarks were being used. The value of seven trademarks assigned which includes three which consist of or contain the word Exide is shown as ` 1,600/-. This assignment was conditional upon the Plaintiff agreeing to formalizing the reassignment, re-transfer and reconveyance to Chloride Group Limited of the assigned trademarks upon the happening of, inter alia, the following events:

- a. The shareholding of the assignee in the equity share capital of the assignor falling below 40%;
- b. The acquisition by any individual or company (other than the assignee) or body corporate or any person or any group within the meaning of Section 2(18A) of The Companies Act, 1956 of the controlling interest in the assignor;

The Plaintiff got itself recorded as the subsequent proprietor of the trademarks on the basis of Deed of Assignment dated 7th February 1978, without disclosing to the Registrar of Trade Marks, the existence of the Agreement and the Deed of Reassignment to which that assignment was subject. This was a glaring fraud committed upon the Registrar. The Registrar, as a result of this fraud, put the Plaintiff's name on record as the subsequent proprietor when in fact the Plaintiff was only the licensed user of the trademark. This wrong reflection of the factual position on the Register was a fraud on the Indian public.

(Underlining is mine)

5. Learned Counsel for the defendant No. 1 has very strongly sought to argue the case of the defendant No. 1 relying on the two agreements dated 7.2.1978 and the third agreement dated 2.6.1980. Reliance was sought to be placed upon these agreements to argue that these agreements show that plaintiff is not the owner of the trademarks. Though the counsel for the defendant No. 1 wanted me to repeatedly refer to these agreements, however, I have specifically refused to go into the details of the agreements inasmuch as this Court acting as a Civil Court has necessarily to take the registrations Ex. PW2/1 to Ex. PW2/3 in favour of the plaintiff as final till those registrations stand and are not cancelled in the record of the Registrar of Trademarks. Counsel for the defendant No. 1 did try to argue that this Court can and ought to go into the validity of the registration, however, I have refused to countenance such argument because once Section 56 of the Trade Marks Act, 1958 specifically provides that either the High Court to whom an application for cancellation of registration of trademark is made or the Registrar before whom such similar application is made, has to go into the issue of cancellation of the trademark and rectification of the register. this Court cannot, once there is a specific tribunal constituted for examining the validity of the registration, go into such aspects. For the sake of

Section 56. Power to cancel or vary registration and to rectify the register.-

(1) On application made in the prescribed manner to a High Court or to the Registrar by any person aggrieved, the tribunal may make such order as it may think fit for cancelling or varying the registration of a trade mark on the ground of any contravention, or failure to observe a condition entered on the register in relation thereto.

(2) Any person aggrieved by the absence or omission from the register of any entry, or by any entry made in the register without sufficient cause, or by any entry wrongly remaining on the register, or by any error of defect in any entry in the register, may apply in the prescribed manner to a High Court or to the Registrar, and the tribunal may make such order for making, expunging or varying the entry as it may think fit.

(3) The tribunal may in any proceeding under this section decide any question that may be necessary or expedient to decide in connection with the rectification of the register.

(4) The tribunal, of its own motion, may, after giving notice in the prescribed manner to the parties concerned and after giving them an opportunity of being heard, make any order referred to in sub-section (1) or sub-section (2).

(5) Any order of the High Court rectifying the register shall direct that notice of the rectification shall be served upon the Registrar in the prescribed manner who shall upon receipt of such notice rectify the register accordingly.

(6) The power to rectify the register conferred by this section shall include the power to remove a trade mark registered in part A of the register to Part B of the register.

Section 2(x) "tribunal" means the Registrar or, as the case may be, the High Court, before which the proceeding concerned is pending.

As per Section 9 of Code of Civil Procedure, 1908 (CPC), every Civil Court has jurisdiction to try all suits unless cognizance of the same is expressly or impliedly barred. So far as the issue of cancellation of the trademark is concerned, once there are specific authorities, including the High Court before whom an application for rectification of the trademark is made, and since the same is admittedly pending, consequently, a Civil Court before whom injunction is prayed by the registered owner of the trademark cannot go into the validity of the registration of the trademarks.

6. My view, in this regard, is further strengthened by Section 111 of the Trade Marks Act, 1958 which provides that once a Civil Court before whom an injunction is prayed on the basis of registered trademark, is asked to examine the grant or refusal of injunction, a Civil Court does not continue only and only in two eventualities. The first eventuality is that before a suit for injunction is filed claiming infringement of a registered trademark the defendant in the suit has already prior to the filing of the suit applied to the appropriate forum/Tribunal for cancellation of the registered trademark. The second eventuality is that although no application for cancellation of registered trademark is made before filing of the suit for injunction for infringement of the trademark, the Civil Court arrives at a prima facie conclusion that the registration of the trademark is invalid, and it passes a specific order for stay of the proceedings in the suit in order to enable a defendant (i.e the defendant No. 1 in this case) to apply for cancellation of the registration. If there is no order of the Court taking a prima facie view and consequently staying the suit, the suit has to continue, and the suit continues on the basis that the plaintiff is the owner of the registered trademark. For the sake of convenience, Section 111 is reproduced below:-

Section 111. Stay of proceedings where the validity of registration of the trade mark is questioned, etc.-(1) Where in any suit for the infringement of a trade mark-

(a) the defendant pleads that the registration of the plaintiff's trade mark is invalid; or

(b) the defendant raises a defence under clause (d) of sub-section (1) of section 30 and the plaintiff pleads the invalidity of the registration of the defendant's trade mark,

the court trying the suit (hereinafter referred to as the court), shall,-

(i) if any proceedings for rectification of the register in relation to the plaintiffs or defendant's trade mark are pending before the Registrar or the High Court, stay the suit pending the final disposal of such proceedings;

(ii) if no such proceedings are pending and the court is satisfied that the plea

regarding the invalidity of the registration of the plaintiffs or defendant's trade mark in prima facie tenable, raise an issue regarding the same and adjourn the case for a period of three months from the date of the framing of the issue in order to enable the party concerned to apply to the High Court for rectification of the register.

(2) If the party concerned proves to the court that he has made any such application as is referred to in clause (b)(ii) of sub-section (1) within the time specified therein or within such extended time as the court may for sufficient cause allow, the trial of the suit shall stand stayed until the final disposal of the rectification proceedings.

(3) If no such application as aforesaid has been made within the time so specified or within such extended time as the court may allow, the issue as to the validity of the registration of the trade mark concerned shall be deemed to have been abandoned and the court shall proceed with the suit in regard to the other issues in the case.

(4) The final order made in any rectification proceedings referred to in subsection (1) or subsection (2) shall be binding upon the parties and the court shall dispose of the suit conformably to such order in so far as it relates to the issue as to the validity of the registration of the trade mark.

(5) The stay of a suit for the infringement of a trade mark under this section shall not preclude the court making any interlocutory order (including any order granting an injunction, directing amounts to be kept, appointing a receiver or attaching any property), during the period of the stay of the suit.

7. In the present case, the cancellation of registered trademark of the plaintiff has not been applied for before the concerned authority prior to the filing of the suit and nor is there an order passed by this Court taking a prima facie view for staying the suit and directing the defendant to apply for cancellation of the registration. Since Section 111 provides for the suit to be stayed only by a specific order to enable the defendant No. 1 to apply for cancellation of registration, and which is not the position in the present case, and hence this Court has to proceed further with respect to decision in this case. I may only state that if defendant No. 1 had thought that it had a very strong case, nothing prevented the defendant No. 1 from moving an application under Section 111 for this Court to take a prima facie view of invalidity of registration and for stay of the proceedings in the suit, to enable the disputes between the parties, so far as registrations are concerned, to be determined in the proceedings initiated under Section 56 of the Act. I therefore hold that registrations in favour of the plaintiff are final, and once the registrations in favour of the plaintiff are final, as per the provisions of Sections 27 and 29 of the Act, the plaintiff is entitled to maintain the suit for infringement of the trademark.

8. Issue No. 1 is therefore decided in favour of the plaintiff and against the defendant No. 1 by holding that this Civil Court has no jurisdiction to go into the aspect of the alleged fraud played on the Registrar and declare invalid the registration of the trademark and recordal of the assignment in favour of the plaintiff. These are aspects which have necessarily to be examined and decided upon only by the concerned authority under Section 56 of the Trade Marks Act, 1958. Issue No. 2 is answered in favour of the plaintiff in view of Ex. PW2/1 to Ex. PW2/3 which are the trademark certificates showing registration of the trademark 'EXIDE' in favour of the plaintiff. Issue No. 6 is also decided in favour of the plaintiff inasmuch as if the plaintiff is the owner of registered trademark 'EXIDE' the defendant No. 1 by using or proposing to use the trademark has caused or will cause infringement of the registered trademark of the plaintiff.

Issue nos. 3,7 and 8

9. I will now take up for disposal the other issues in the case and which issues touch the aspect of passing off and prior use. The aspect of passing off is basically on the aspect of prior use. Before going further I must record that counsel for the parties agree that issue no. 8 is wrongly framed as the word infringement therein should not exist and the issue would be whether use by the plaintiff of the mark 'EXIDE' amounts to passing off the trademark/trade name of the defendant No. 1. This issue has been framed as the defendant no. 1 has filed a counter-claim against the plaintiff and which counter-claim also will be decided by the present judgment.

10. In trade mark law, prior use and adoption of a trademark in relation to goods, which cause distinctiveness of the trade mark on account of sale of the goods under the trademark in the market, makes the person who sell the goods under the trademark, owner of the trademark. Such prior user and adoption of the trademark creates a legal right which prevails over even a subsequent registration of the trademark by any other person. Common law rights in passing off are protected by Section 27(2) of the Trade Marks Act, 1958.

In the present case, the aspect of prior user has two sub heads. First is the aspect of prior use i.e. actual prior use by either of the parties of the trademark by sale, and the second sub-head would be whether even if the defendant No. 1 is shown to be the prior user, such rights claimed by prior use stood extinguished as the defendant No. 1 has failed to show any use of the trademark over such sufficiently long period of time which amounts to abandonment of the trademark.

11. Let me first go to the first sub-head of the prior use. That the defendant No. 1 is the prior user of the

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trademark 'EXIDE' in India effectively from 1902 till about 1950 is not too much disputed by the plaintiff before me, because, the predecessor-in-interest of the plaintiff M/s CESCO was originally a group company of the defendant No. 1-company i.e. actually the defendant No. 1-company had a controlling interest in CESCO. It is however the common case of the parties by a reference to the order of the US District Court dated 24.11.1947, Ex. DW1/35, that the defendant No. 1-company lost controlling interest in CESCO which was till then a group company of the defendant no. 1. This controlling interest was lost because by the order of the US District Court, Ex. DW1/35, in order to abolish a monopolistic situation, the defendant No. 1-company was directed to divest its controlling interest in CESCO. Therefore, the admitted fact on record is that the umbilical cord between the predecessor-in-interest of the plaintiff, M/s. CESCO and the defendant No. 1-company snapped with effect from 24.11.1947. Once this cord is snapped, if thereafter CESCO continued to use the trademark 'EXIDE', such user can only be under two circumstances. First is that the plaintiff used it as a registered user or a common law licensee of the defendant No. 1. The second is that CESCO, and then Chloride Group Ltd., and thereafter the plaintiff used the trademark in their own rights.

12. (i) So far as the issue of the plaintiff and its predecessors after 1947 being only common law licensees of the defendant No. 1-company, and as so urged on behalf defendant No. 1 before me, is an argument which I find to be wholly unbelievable. Surely, when a gargantuan company such as the defendant No. 1 to the suit and their group companies operate in a commercial field, that too, in dozens of countries worldwide, if the plaintiff was only to be a common law licensee, there actually would have been specific written document to that effect. There is however admittedly no such document or agreement. The written statement contains no mention of any specific date or any terms of the so called common law license permitting the plaintiff to use trade mark 'EXIDE'. Also, the case as has been argued before me during the final arguments, even assuming there are such pleadings, has no credibility whatsoever inasmuch as why would one commercial entity being defendant No. 1 company allow one of its most valuable assets i.e. the trade mark 'EXIDE' to be used by another company in which it has no controlling interest. It is also not the case in the written statement that the common law license has been given for any valuable consideration. Even in the evidence as is led on behalf of the defendant No. 1 there is nothing to suggest that the plaintiff company or its predecessors gave any license fees or consideration to the defendant No. 1 for the use of the trademark as a so-called common law licensee.

(ii) So far as the plaintiff or its predecessors being registered users, I note that it is not the case of the defendant No. 1 that the plaintiff and its predecessors were "registered users" within the meaning of that expression under the Trade Marks Act as no written agreement to that effect is relied upon. There is no registered user agreement which is filed, exhibited and relied upon by the defendant No. 1 for making the plaintiff or its predecessors only registered users with respect to the trade mark "EXIDE".

(iii) I therefore hold that besides the fact that an aspect which is wholly absent in the pleadings, cannot be urged at the stage of final arguments by putting the other side (that is the plaintiff) to complete surprise, and even if the same is allowed to be urged/argued, the defendant No. 1 has miserably failed to prove the case of common law license or that the plaintiff or its predecessors were the registered users of the trademark.

(iv) At this stage, I must mention that the plaintiff company has relied upon its sale figures only from the year 1992-93 onwards, and it has not relied or proved on record the sale figures of its predecessor-in-interest companies i.e. M/s. CESCO and ABMEL and M/s Chloride Group Ltd. This aspect I am mentioning because qua the aspect of prior user on behalf of the plaintiff, and therefore the entitlement to the relief of passing off, the same has necessarily to be on the basis of actual sales by the predecessors of plaintiff prior to 1992- 93. However, what the plaintiff failed to do, it appears that the defendant No. 1 has done for the favour of the plaintiff. This I say so because the defendant No. 1 in paragraph 5 of its written statement admits that the plaintiff sometime after 1960 started manufacturing batteries in India. Of course, it is alleged that the plaintiff and its predecessors were the registered users (licensees) of the trade mark 'EXIDE', but I have already held above that the defendant No. 1 has failed to prove that the plaintiff was registered user/licensee of the defendant No. 1. For the sake of convenience, para 5 of the written statement on merits is reproduced as under:-

5. The contents of Paragraph 5 as stated are denied. It is denied that the Chloride Eastern Storage Co.(U.K.) is the Plaintiffs predecessor. Up to about the year 1947, the first Defendant No. 1 was directly by itself and through its agents and dealers, marketing batteries in India under the Exide trademark. The true fact is that no batteries were manufactured in India up to the year 1960. From about the year 1920 to 1960, batteries manufactured, inter alia, by Electric Storage Battery Company (which later became Exide Corporation), were imported into India by F & C Osler Ltd. The Plaintiff up to 1960 had no manufacturing capability and did not manufacture batteries in this country. Some time after 1960, the Plaintiff started manufacturing batteries in India and up to 1978, they were the registered users (licensees) of the trademark 'Exide'. The Plaintiff, being a mere licensee, did not have any proprietary rights in the trademark Exide.

(v) It is relevant at this stage to note that the user of the predecessors of the plaintiff company i.e. M/s. CESCO and Chloride Group Ltd. of the trademark 'EXIDE' will be a user of which the plaintiff company can

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take benefit of inasmuch as the user by the predecessors of the plaintiff qua the trademark 'EXIDE' can be tagged on to the user of the present plaintiff company. In the judgment of Dhariwal Industries Ltd. and Anr. Vs. M.S.S. Food Products MANU/SC/0160/2005 : (2005) 3 SCC 63, the Supreme Court has allowed tagging of prior user even in passing off actions and therefore tagging can afortiori be done in infringement actions. I would like to state that it is logical that once a trademark is assigned, the user of an earlier owner/transferee has to necessarily be for the benefit of the transferee otherwise the whole purpose of assignment would be lost. For example, suppose the transferee takes a few months or may be a year or so in coming into market to sell goods under the trademark then can it be said in the meanwhile if another person starts using the trademark then the assignee company of the trademark will lose its right for prior user? The answer is obviously no.

(vi) In terms of Section 37 of the Trade Marks Act, 1958, a registered trademark can be transferred with or without the goodwill. Plaintiff is the transferee of a registered trade mark. In the present case, as per the assignment deed dated 07.02.1978 the plaintiff company became the assignee of the registered trademarks which had vested not only with its predecessor Company M/s. Chloride Group Ltd. but also the trademarks which were registered in the name of CESCO inasmuch as M/s. Chloride Group Ltd. had acquired controlling interest in CESCO at the time when the assignment deed dated 07.02.1978 was executed by M/s. Chloride Group Ltd. in favour of the present plaintiff. I therefore hold for the purposes of prior user, the user of the predecessor companies of the plaintiff can be tagged on to the user of the plaintiff company since 1992-1993.

13. The net effect of the above is that at least in around 1960 the predecessors-in-interest of the plaintiff is found to be manufacturing batteries under the trade mark 'EXIDE', and once the plaintiff or its predecessors are not the registered users or licensees of the defendant No. 1, plaintiff and its predecessors-in-interest automatically would be selling the batteries under the trade mark 'EXIDE' in their own rights, and I therefore hold that so far as India is concerned, the plaintiff and their predecessors-in-interest are the prior user of the trade mark 'EXIDE'. I also note that since vide Ex. PW2/1 to PW2/3, there is shown continuous existence of registration of the plaintiff and its predecessors-in-interest of the trade mark 'EXIDE', in a way, this will also be a presumptive indication (though rebuttable) of actual user of the trade mark by the plaintiff. I have already in the earlier part of this judgment referred to the fact that the registrations existed in favour of two predecessors-in-interest companies of the plaintiff i.e. M/s. CESCO and M/s. Chloride Group Ltd. M/s. CESCO had obtained registration of the trade marks 'EXIDE' and 'IRONCLAD EXIDE' pursuant to their application dated 8.6.42. Chloride Group Ltd. which was the holding company subsequently of M/s. CESCO and it had also obtained independent registration of the trade mark 'EXIDE' on 23.4.1973. Once therefore the trade mark 'EXIDE' exists as registered trade mark of the plaintiff company and its predecessors-in-interest, the normal consequence also would be that the plaintiff would be the prior user of the trade mark, unless the defendant No. 1 shows that really there was no manufacturing by the plaintiff and its predecessors-in-interest of batteries under the trademark 'EXIDE', however as already stated above, the defendant admits the sales of the plaintiffs predecessors since at least 1960, and therefore the plaintiff would be the prior user.

14. The next sub heading is with respect to whether the defendant No. 1 lost its ownership in the trade mark 'EXIDE' although there was prior user before 24.11.1947 in India. This issue is now examined. A discussion on this aspect will have two ingredients. First ingredient will be as to whether the defendant No. 1 has led evidence to show actual sale of goods under the trade mark 'EXIDE' from 1947/1950 till the date of filing of the suit. The second ingredient would be that if the defendant No. 1 has not sold any goods under the trade mark 'EXIDE', for such period whether there are "special circumstances"; as is known in the Trade Mark law; for it to be held that the defendant No. 1 has not abandoned its right in the trademark, and therefore, even if the plaintiff would be the owner of the trade mark 'EXIDE' in view of the findings given hereinbefore, and cannot be enjoined from use of the trademark 'EXIDE' by the defendant No. 1, but even the plaintiff cannot enjoin the defendant No. 1 from user of the trade mark 'EXIDE' inasmuch as the aspect of prior user has to be taken with special circumstances which prevented the defendant No. 1 company from selling its goods in India under the trade mark 'EXIDE'.

15. On the record of this Court, there are absolutely no documents from the year 1950 till the date of filing of the suit in the year 1997 that the defendant No. 1 ever sold goods under the trade mark 'EXIDE'. In fact, this is more or less conceded on behalf of the defendant No. 1 because once the defendant No. 1 takes up a stand that there existed special circumstances i.e there were reasons for not selling the goods in India by the defendant No. 1 under the trademark because of special circumstances, it thus also stands admitted that the defendant no. 1 did not sell goods under the trade mark 'EXIDE' from around the year 1950 till filing of the suit in the year 1997. Of course, I must for the sake of completion of the narration put on record that the counsel for the defendant No. 1 has failed to show me any documents filed and exhibited on behalf of the defendants to show actual sale of goods under the trade mark 'EXIDE' by the defendant No. 1 in India from the year 1950 till the year 1997.

I therefore hold that there were no sales by the defendant No. 1 under the trade mark 'EXIDE' in India from the year 1950 till the year 1997.

16. The next aspect is that even if there are no sales by the defendant No. 1 under the trade mark 'EXIDE' from the year 1950 till 1997, can it be said that the defendant No. 1 still remains the owner of the trademark 'EXIDE' inasmuch as there existed special circumstances for the defendant No. 1 not to have sold the goods

manupatra under the trade mark 'EXIDE' in India from the year 1950 to 1997. If there are no special circumstances, and the plaintiff and its predecessor companies are found to have sold the goods under the trade mark 'EXIDE' in their own rights, then, it will be the plaintiff who will become owner of the trademark and the defendant No. 1 would have lost its rights to claim the ownership in India of the trade mark 'EXIDE' even if the defendant No. 1 was the prior user of the trade mark 'EXIDE' till the years 1947/1950.

17. What are "special circumstances"? This is best answered in the language of the Supreme Court in the judgment reported as *Hardie Trading Ltd. and Anr. Vs. Addisons Paint & Chemicals Ltd.* MANU/SC/0705/2003 : (2003) 11 SCC 92.

Paras 56 to 63 of this judgment are relevant and the same read as under:-

56. The learned Single Judge affirmed the finding of the Registrar and held that there was no total ban on import of paints and lacquers but the reason for non-use of the trademarks by Hardie were "economic, commercial and other factors which were applicable only to the appellants". The Division Bench while noting the submissions on the Import Trade Policy did not give any finding on whether there was a restriction on the import of paints and lacquers for domestic use during the relevant period but rested its approval of the view taken by the Registrar and the learned Single Judge on a paragraph in an affidavit affirmed by Andrew Buttress on behalf of Hardie before the Registrar. The paragraph reads:

Assuming but not admitting that there was no import restriction at the relevant time, my company could not have the trade mark used in India by a registered user immediately after the applicants ceased using the marks in 1971 but carried on negotiations with Hansa Paints & Chemicals in 1972, but as is quite natural in such cases, it took some time to finalise such agreement. Further, having regard to the state of the market and the demand for the goods in question, and also my company's commitments in other countries, it was not possible nor was it considered economical to put more goods on the market immediately.

57. Construing this paragraph the Division Bench held that economic viability or existing market conditions was outside the concept of "special circumstances", and since the statute only provided for the defence of special circumstances, "any other defence apart from the existence of special circumstances does not and cannot rise".

58. The observation of the Division Bench that apart from special circumstances, there was no other defence available to a proprietor in proceedings to remove his trademark from the register, is as we have already indicated, incorrect. The proprietor can show, as Hardie, has done in this case, that there was no intention to abandon the trademarks. If, that is established it is a complete defence to the action. The second erroneous finding of the Division Bench was that economic viability or existing market condition was outside the concept of special circumstances. The finding does not follow from the Section and is against the weight of authority.

59. Special circumstances have been defined in ***Aktiebolaget Manus v. R.J. Full wood and Bland, Ltd. (1949) 66 RPC 71*** as "some external forces as distinct from voluntary acts of any individual"..... where the impact of local condition makes impractical the ordinary usage of international trade". In that case it was held prohibitive tariffs which were practically effective to keep out of England altogether machines manufactured abroad which had, till the tariffs had been imposed, been imported to the country amounted to special circumstances. The facts in ***Manus' case*** are similar to the facts which we have to consider. In dispute were trademarks as applied to milking machines. The proprietor of the marks was a Swedish company. The machines had been imported into Britain through the defendant No. 1 as its agent When the import of the milking machines was stopped by the registered proprietors, the agent claimed the trademarks as its own and started manufacturing and selling milking machines bearing the same trademarks. The proprietor brought an action for infringement of its trademarks. The question before the Court was whether the actions of the defendant No. 1 subsequent to the tapering off of the import of the Swedish Company's machines, were effective to appropriate to themselves what had been before the Swedish Company's property or as having been effective to destroy the distinctive character of the name as indicating the Swedish Company's business so as to put an end to its right to the name in England. The question was answered in the negative and it was held that the non-user was justified because of the special circumstances prevailing at the relevant period.

60. In ***Mouson & Co. V. Boehm*** (supra), it was said that "A man who has a trade mark may properly have regard to the state of the market and the demand for the goods; it would be absurd to suppose he lost his trade mark by not putting more goods in the market when it was glutted."

It is quite clear, however, that the proprietors, the Bali Company, could not have used the token import scheme, unless an interested firm in this country made the appropriate application and no such application was made. It was thus not possible for the company to import under the token scheme, and that was not their fault. Further, what has to be considered is not merely the existence of an absolute prohibition to import, as might be thought from one passage in the Assistant Comptroller's decision, or a complete impossibility of importing, but, in the words of Evershed, L.J. (supra). the existence of conditions "making impracticable the ordinary usages of international trade. " "A trade mark is a commercial asset intended to be used commercially by business men, and it seems to me that "special circumstances" have to be understood and applied in a business sense. In my view, this token import scheme modification to the earlier general prohibition did not convert what was before impossible into what was, in a business sense, practicable, even if a firm in this country had made the necessary application under that scheme. The non-use of the trade mark by the Bali Company, even during the token import scheme, is thus in my view, shown to have been due to special circumstances in the trade.

(Emphasis supplied)

62. The Court of Appeal reversed this decision on another issue. The House of Lords in turn reversed the decision of the Court of Appeal and reaffirmed the decision of Justice Ungood Thomas in **Berlei (U.K.) Ltd. v. Bali Brassiere Co., Inc. 1969 (2) ALL ER 812**.

63. This view has been accepted as good law in this country. [See **AJ. Vulcan v. V.S. Palanichamy Nadar and Express Bottlers Services Pvt Ltd. v. Pepsi Inc. and Ors.** The law therefore is that even an economical impracticability would amount to special circumstances.

(Underlining is mine)

18. The underlined portion of the aforesaid paragraphs of the judgment of the Supreme Court in Hardie Trading (supra) makes it clear that existence of special circumstances is an aspect so as to arrive at a conclusion as to whether or not there was intention to abandon the trademark. If there are special circumstances because of which a person does not sell the goods in a country, then, there is no intention to abandon the trademark. The Supreme Court further states that economic viability issue i.e existence of certain market conditions or local conditions making impracticable the trade (including prohibitive tariffs) are special circumstances which entitles a person to claim that in spite of the fact that goods have not been sold under the trademark, yet, there is no intention to abandon the trademark and therefore a person who does not sell the goods, yet, can still claim that its ownership in the trademark is not lost.

19. (i) In my opinion, on the aspect of special circumstances the arguments which have been urged relying upon the judgment of Hardie Trading Ltd. and Anr. Vs. Addisons Paint & Chemicals Ltd. MANU/SC/0705/2003 : (2003) 11 SCC 92 are liable to be rejected for two reasons. The first reason is that issue of existence of special circumstances is very much a factual issue. Every factual issue necessarily requires a foundation in the pleadings. It is settled law that no amount of evidence can be looked into if there is no pleading. This rule is not a technical rule as the object of pleadings is to put notice of one party's case to the opposite party so that the opposite party can file its pleadings and lead its evidence to counter the case which is set up. It is not permissible for one party at the stage of evidence simply to lead evidence on this very important issue and claim that on the basis of such evidence without there existing any pleading on this aspect for the opposite party to be put to notice for leading its evidence on that aspect that the evidence which is led (by the defendant No. 1 in this case) should be referred to/accepted and that special circumstances must be held to exist for holding that there was/is no intention to abandon the trademark.

(ii) I have gone through the written statement and pleadings filed by the defendant No. 1 alongwith counsel for the defendant No. 1. I have not found the requisite averments in the written statement of the defendant No. 1 setting up a case of existence of special circumstances or lack of commercial viability or existence of any local conditions etc etc being the basis because of which there was no sale of goods by the defendant No. 1 under the trademark 'EXIDE' from the year 1950 till the year 1997. Once there are no pleadings, and no specific issue on this aspect framed, then, in my opinion it cannot be urged that the defendant no. 1 must succeed in its argument of special circumstances. I also disagree that this issue should be taken to be included in issue No. 8 inasmuch as this would cause irreparable prejudice to the plaintiff who has led no evidence and not dealt with its case so as to counter the case of 'special circumstances'. I therefore hold that the plea of special circumstances raised on behalf of the defendant No. 1 must fail. This plea of special circumstances is accordingly rejected firstly on account of lack of pleadings and non-existence of a specific issue in this regard.

manupatra 20. (i) In my opinion, the argument of existence of special circumstances has secondly also to be rejected in the facts of the present case because the defendant No. 1 has really failed to lead any credible evidence to prove the existence of alleged special circumstances. For the sake of considering this submission, I am presuming that there are pleadings and an issue framed on this aspect of special circumstances, though that is not so. (ii) Let us see that what is the evidence led by the defendant No. 1 on this aspect of special circumstances. There is no documentary evidence relied upon and there is only an oral deposition. As per the counsel for the defendant No. 1 this aspect of special circumstances is the oral deposition on behalf of the defendant No. 1 by its witness Mr. Bruce Cole in paras 34 to 36 of the affidavit by way of evidence of this witness and these paras read as under:-

34. I say that the Company never gave up its intentions to conduct business in India, although until the year 1991 from the year 1947 i.e. independence of India, the Company was not able to directly manufacture batteries in India and use "EXIDE" as a trade mark thereupon inter alia due to special and excusable commercial circumstances and reasons beyond the Company's control. These included factors like Governmental regulations which did not permit import of batteries under the Open General License but special licenses were required to be taken for each product.

35. After the Indian economy "re-opened" in 1991, the Company planned to resume operations in India under its own name, including use of the trade mark "EXIDE" in India in connection with batteries manufactured in the United States by the Company. The Company's steps to recommence business operations in India included, among other things, the acquisition of a company doing business in India.

36. In 1994 the Company acquired a majority share holding of Societed Espanola Del Acumulador Tudor S.A. of Spain (now named Exide Technologies SA), the third largest battery manufacturer of Western Europe. The Spanish company had, since 1986, been engaged in a joint venture in India by the name of Tudor India Ltd., the second defendant No. 1 herein, in which by 1996 it held an equity interest of 51%. As a result of the acquisition of the Spanish company, the Company subsequently acquired control of Tudor India Ltd. As a further result of these transactions, the Company acquired the trade mark rights of Societed Espanola Del Acumulador Tudor S.A. and Tudor India Ltd.

21. (i) The question is that whether the aforesaid oral statements on behalf of a witness are sufficient evidence to discharge the heavy onus upon the defendant No. 1 of existence of special circumstances.

(ii) What is the evidence led in a case and what is the weight to be attached to that evidence, are two totally separate aspects. The question is that should this Court attach such weight to the deposition as per paras 34 to 36 as reproduced above of the witness Mr. Bruce Cole (DW-1) to hold that special circumstances existed. In my opinion before it is held that there was either a direct or indirect bar for batteries to be imported in India or the import of batteries would have been economically unviable for the defendant No. 1 for being sold in India because the defendant No. 1 would then have to sell at a loss, then such aspects are such which could have been proved only by leading clear cut and categorical evidence. I do not think it is difficult to prove Government circulars (and which in fact without being proved could even be referred to at the stage of final arguments), however, there is absolutely nothing on record for this Court to come to a finding that there was any direct or indirect bar or prohibition for importing of batteries in India by the defendant No. 1 so that they could not sell batteries in India under their trademark 'EXIDE'. The defendant No. 1 did have sufficient opportunity during its evidence to throw the required light on this issue of an alleged bar or existence of circumstances/ economic unavailability, but this aspect is not proved to the satisfaction of this Court. The fact of economic unavailability or local conditions etc are very crucial aspects which necessarily have to have proper foundation in facts. To prove existence of economic unavailability sufficient evidence had to be led on behalf of the defendant No. 1 to show as to what would be the cost to the defendant No. 1 for manufacturing of the batteries, what would be the cost after being imported i.e landed cost in India, what are the other factors which would have added to the retail selling price, and thereafter comparison was to be made to the retail sale price of other comparable batteries sold in India, and only then the defendant No. 1 could have argued its case for it being economically unviable for the defendant No. 1 to import batteries and sell them in India. Except the aforesaid paras 34 to 36, there is absolutely no evidence worth the name, much less of any detailed financial analysis with the requisite supporting documents and data to show why it was economically unviable for the defendant No. 1 to sell batteries in India either because of local conditions or other factors. Similarly, the defendant No. 1 also has failed to lead credible evidence as to why it could not incorporate a company in India and have manufacturing facilities in India and sell batteries under the trademark 'EXIDE'.

22. (i) A civil suit has necessarily to be decided on the balance of probabilities. Issues of fact have to be sufficiently proved for discharging the onus otherwise the same would lead to gross injustice to the other side i.e the plaintiff in this case. I cannot subscribe to the argument that mere self serving averments of the witness should be held to be sufficient discharge of proof inasmuch as the plaintiff can correctly contend that really neither was there any direct or indirect bar nor it was economically unviable for the defendant No. 1 to sell batteries in India inasmuch as surely the plaintiff cannot be called upon to prove the negative i.e. plaintiff cannot be called upon to discharge negative onus by filing each and every of the thousands of circulars of the

concerned departments of the Government till date to show that there was no direct or indirect bar or economic unavailability aspects. Obviously, it is impossible to prove the negative. Once the defendant No. 1 fails to discharge the onus of proof, I hold that the plea of special circumstances as set up by the defendant No. 1, even assuming for the sake of argument that there are pleadings and issue to this effect, therefore has to fail.

(ii) I therefore reject this argument of the defendant No. 1 that because of special circumstances including of the economic unavailability etc it was not able to sell its goods in India under the trademark 'EXIDE' from the year 1950 to 1997.

23. (i) Once in the facts of the present case, the defendant No. 1 has failed to discharge its onus of proof as stated above, the issue which arises is that can the plaintiff be held to be the owner on account of prior user of the trademark 'EXIDE'. I have already discussed above the aspect of sale by the plaintiff and its predecessor-in-interest companies from around the year 1960 onwards. The plaintiff, therefore, in the absence of the defendant No. 1 showing sales in India or existence of alleged special circumstances, would become owner of the trademark 'EXIDE' in India. This conclusion is additionally conditioned by what I am stating hereinafter. (ii) Even if the plaintiff was selling its goods in India under the trademark 'EXIDE', then, in one circumstance still the plaintiff would not be the owner of the trademark 'EXIDE' if the defendant No. 1 had established on record that the sale by the plaintiff and its predecessor companies of batteries in India under the trademark 'EXIDE' was in some way or the other relatable to the defendant No. 1-company i.e the sales by the plaintiff and its predecessors were for and on behalf of the defendant No. 1 or under the trade mark of the defendant No. 1. This aspect of relation to the defendant No. 1 company can be shown if on the products/batteries marketed and sold by the plaintiff or its predecessors there is a reference of use of the trademark by the plaintiff or its predecessors in any manner for being connected to or related to the defendant No. 1/US company. There is however nothing whatsoever before me in the record of this suit that the sale of goods/batteries by the plaintiff company or its predecessors has been shown to be not in their own rights but in some way or the other relatable to the defendant No. -company. Once the sale by the plaintiff and its predecessor companies are not relatable to the defendant No. 1-company, such sale by the plaintiff and its predecessors will be in their own rights qua the trademark 'EXIDE', and therefore the plaintiff becomes owner of the trademark 'EXIDE'.

24. Since the judgment in the case of Hardie Trading Ltd. of the Supreme Court will not apply because the defendant No. 1 has failed to show the existence of special circumstances, in fact the judgments that will apply in the present case would be the judgments cited on behalf of the plaintiff in the cases reported as follows:-

(i) Sturtevant Engineering Company Ltd. Vs. Sturtevant Mill Co. of U.S.A. Ltd. 1936 (53) RPC 430.

(ii) Adrema Ltd. Vs. Adrema-Werke G.m. b.H., B.E.M. Business Efficiency Machines Ld. and Others 1958 (13) RPC 323.

(iii) "Weston" Trade Mark 1968 (7) RPC 167.

25. In the case of Sturtevant Engineering Company (supra) the facts were that the U.K. company Sturtevant Ltd was at one point of time a group company of the U.S. company M/s. Sturtevant Mill Company of U.S.A. For certain reasons, the relations between the two companies snapped and the U.K. company thereafter continued to sell the mill machinery under the trademark Sturtevant which belonged to the U.S. company. The sale by the U.K. company was not in any manner related or shown to be related with the U.S. company. Under these circumstances, it was held by the Chancery Division that the sale by the U.K. company of mill machinery under the trademark Sturtevant was in its own right and the U.K. company will be the owner so far as U.K. is concerned of the trademark Sturtevant. The relevant paras of this judgment read as under:-

It is obvious from what I have said that during the period from 1911 down to the year 1933, that is to say, 21 or 22 years, there was no question of the American Company acquiring any goodwill or any benefit of that kind in respect of its business in this country, because it was not permitted under that agreement to trade in this country. It did not attempt to trade in this country and therefore the goodwill, as far as there was a goodwill in this business in this country, was the goodwill of the plaintiff company. Although it may be that some of this special machinery for grinding, crushing and screening, may have come from America and may, in some few cases, have been known by persons in the trade as having come from America, none the less, the name "Sturtevant" as used in the trade applied to the English Company and the goods supplied by the English Company. In my judgment, the facts which have been proved in evidence before me establish that so far as the engineering trade is concerned in this country, there has never been any person or Company other than the Plaintiffs carrying on business as the vendor and the manufacturer of machinery under the name "Sturtevant", or any name of title which includes the name "Sturtevant", and that to all persons connected with the trade the name or word "Sturtevant" means the Plaintiff company, and Company is, I think also established in evidence, and it is what one would naturally expect. Persons are apt to abbreviate the names which they

are using, and I think one would naturally expect that there being only Sturtevant Company dealing in this particular class of goods in England, speaking of the Company, would not use the whole title, but often perfect as the Sturtevant Company or simply as Sturtevant and in that way in the trade.

XXXX XXXX XXXX

Under those circumstances, the Plaintiff Company has commenced this action and is seeking for an injunction "to restrain the Defendant No. 1 Company from commencing or carrying on business under the style or title of Sturtevant Mill Company of U.S.A. Limited or under any similar or colourable style or title of which the word 'Sturtevant' forms part or under any such other style or title as to lead to the belief that the Defendant No. 1 Company is or is in any way connected with the Plaintiff Company or that the goods of the Defendant No. 1 Company are or are in any way connected with the goods of the Plaintiff Company; and the question which I have to determine is whether the Plaintiffs are entitled to such relief.

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If other ways it is quite plain in my view that there must be a serious risk of damage to the property of the plaintiff Company, if the Defendant Company is permitted to carry on its business under its present name, because confusion, in my judgment, is quite inevitable. But then it is said that even if that be no made the particular circumstances of this case, the Plaintiffs are not entitled to relief and that there is some equity which ought to prevent the Court from giving relief. It is said, and said truly, that this is not a common law action for damage; this is a quia timet action for an injunction to prevent a possible damage in the future; it is an equitable action and one to which equitable principles apply, and it is said there is some equity which ought to disentitle the Plaintiffs to the relief which they seek. I confess I fail to appreciate the force of that submission. If the Plaintiff Company has surreptitiously and improperly obtained the benefit from their connection with the American Company, there might be some sort of equity, but that is not the case; in fact, so far as that from being the case, that any benefit which the Plaintiff Company may have derived from their connection with the American Company was a benefit for which they paid, and as a result of a bargain made between the Plaintiff Company and the American Company. The American Company cannot now complain, as it seems to me, having had their quid pro quo, because the Plaintiff Company have had, or may have reaped, some benefit in this country from that connection. What the equity is which disentitles the Plaintiffs to relief, if otherwise they are entitled to it, I confess I am not able to appreciate. But then it is said: if the American Company had chosen to comply with the requirements of the Companies Acts in this country relating to foreign companies, they could have traded here and carried on business here in their own name, and in support of that the decision of Mr. Justice Stirling in *Saunders v. Sun Life Insurance Co.* was cited. I do not propose to discuss that decision, because it seems to me to be wholly outside anything I have to decide. The American Company did not in fact take that course. They have not attempted to comply with the requirements of the Companies Act in this country, but they have elected to stay outside the country altogether. They are not trading in this country and therefore it is not necessary for me to consider whether they would have been entitled so to do. Then it is said that at any rate the Defendant Company is entitled to use the word "Sturtevant," because it is a real name, the name of real people in America, who in America have acquired a goodwill and reputation for their goods in America, Whether the American Company has or has to a monopoly in the name "Sturtevant" in America decide this case, not on the footing that the goodwill, which the Plaintiff Company has acquired in this country as the result of expenditure and otherwise, is something which is confined to this country and I cannot treat whatever goodwill there may be in America in the American Company as being in any sense part of the Defendant Company's property. The Plaintiff Company has acquired rights in England. Those rights it is entitled to protect and, in my judgment, I am not entitled to refuse that protection merely because, if it be the fact, some American Company has acquired a goodwill, possibly a similar land of goodwill in another country. Then, it is said, that a man is entitled prima facie to trade under his own name, although by so doing he may cause confusion and damage to an already existing business or company. Further, it is said that if a man so trading elects to turn his business into a company, he is, again, prima facie entitled to use as part of the title of his company the name which he has used in trading under his own name and that here I ought to treat the Defendant Company on that footing, as being a company which is entitled to use the name "Sturtevant," because it is closely connected with the American Company, the American Company having vastly the larger number of shares in the Company, and for the time being having the control of the Company. That again, it seems to me, is not a sound contention. So far as this county is concerned, there never has been any engineering business of this kind other than the Plaintiffs' carried on under the name of "Sturtevant," or under any name of which "Sturtevant" forms a part, and there is no question of carrying on some existing business under the form of a limited company instead of by a private person, or anything of that sort at all. So far as this county is concerned, I am bound, it seems to me, to treat the position as precisely the same as if the American Company did not exist or had no sort of connection with the Defendant

Company. It cannot, in my judgment, make any difference that there is in existence in America a company which as for many years carried on this kind of trade under the name of "Sturtevant". The Defendants' business is a new business, so far as this country is concerned, and although the facts in this case afford ample explanation for the desire of the Defendants to use the name "Sturtevant" in their title, and negate any suggestion that they have deliberately chosen it in an attempt to get improperly some benefit from the Plaintiffs' goodwill, notwithstanding that, the position in law, as it appears to me, must be judged on precisely the same lines as though the Defendant Company was a new company instituted and incorporated in this country for the first time and having no connection with any other business in this country. I must disregard the fact that it may be, in some senses, the creation of a business carried on under the name of "Sturtevant" somewhere else in the world altogether. In my judgment, I must confine my decision to the position as it is in this country. The property which the Plaintiffs have acquired is in this country, and that which the Defendants are seeking to do is something which, in my judgments, must inevitably injure that property in this country, and that being so, the Plaintiffs are, in my judgment, entitled to the relief which they seek. I propose to grant an Injunction in the terms of the prayer in the Statement of Claim, but omitting the words from "or that the goods of the Defendant Company are or are in any way connected "with the goods of the Plaintiff Company," and the Defendants must pay the costs of the action.

26. In the judgment in the case of Adrema Ltd., the facts were similar to the Sturtevant case and the trademark in question was Adrema. The goods in that case were also certain machines. The relevant paragraphs of that judgment are as under:-

The Plaintiff Company, Adrema Ltd., was incorporated in England in the year 1923 under the Companies Act, 1908 and 1917, at the instance of the German Company, and the whole of the shares of the English Company until after the outbreak of war in 1939 were held by the German Company. But the English Company imported and sold in the United Kingdom addressing and listing machines and equipment, not as the agents of the German Company, but as principals, buying the machines from the German Company and re-selling them in the United Kingdom under the name and trade marks "Adrema", and the name of the German Company did not appear on the machines, though, in accordance with law, the words "Foreign" or "Made in Germany" were put on the machines. The Plaintiff Company also had made in England with the acquiescence of the German Company certain types of machinery similar to those manufactured in Germany, and all the papers, stationery and the like, which were used for what was known as "the Adrema system", in the United Kingdom. The result of this was that in the United Kingdom, the name "Adrema" and the goodwill associated with that name, became attached to the Plaintiffs, Adrema Ltd., as the sellers, and not to the manufacturers (the German Company), although the five trade marks were registered in the United Kingdom in 1924 in the name of the German Company. It must be noted that in 1933 about one half of the goods comprised in the Plaintiff Company's annual turnover were not made in Germany, and after the formation of the Plaintiff Company no goods had been sold in the United Kingdom by the German Company otherwise than to the Plaintiff Company in the period before the war. The word "Adrema" in some form was placed prominently on the face or side of all goods sold by the Plaintiffs in the United Kingdom.

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The whole substance of the German Company's defence appears to me to be based on the German Company's present name being "Adrema-Werke G.m.b.H.". There are, however, some important facts which affect the position. It is true that for some ten years before the existence of the Plaintiff Company the German Company had been trading under a name incorporating the word "Adrema" which, it was said, was made up from the German words referring to "addressing" (with one "d") and "machines"- a fancy word, therefore, and not the name of a pre-existing person. But when the German Company formed the Plaintiff Company for the purpose of their trade in the United Kingdom they conferred upon the Plaintiff Company the name "Adrema Limited", and by the method of trading which was adopted, that is, by selling their goods to the Plaintiff Company as principals for resale by that company in the United Kingdom under the name or mark "Adrema" without any reference to the German Company being placed on the goods so sold, they allowed the Plaintiff Company to acquire all the goodwill associated in the United Kingdom with the word "Adrema". As the result of their trading since 1923 the Plaintiff Company now own the goodwill which has become associated with the word "Adrema" in the United Kingdom. No one else in the United Kingdom has any right to use the word "Adrema" so as to represent his goods as being the goods of the Plaintiff Company or his business as being associated in some way with the Plaintiff Company's business. **In these circumstances the trade which has been carried on by the German Company in other parts of the world, is immaterial, as is shown by the Sturtevant case.**

(Underlining added)

manupatra 27. In the judgment in the case of Weston Trademark again facts were similar with respect to two companies being group companies and thereafter they being controlled by different owners, and in which circumstances, the issue came up as to whether the company which had gone out of the group and had continued to use trademark Weston would be the owner and the parent company cannot deny the ownership of the trademark by the once subsidiary and then an independent company. The facts of the case and ratio are clearly expressed in the head note of the said case and which reads as under:-

*Trade mark- Registration-WESTON-Opposition-Abandonment of use by previous owner-No right to re-enter U.K. market in competition with former subsidiary-Registration allowed.*

*In 1888 an Americal company (Newark) established a business at Newark, New Jersey in the manufacture and sale of electrical measuring instruments under the trade mark WESTON, which goods were imported into England from about 1900. In 1918 it formed a wholly owned subsidiary in England through which its goods were sold, but in 1936 it entered into an agreement with an English company called Sangamo under which it sold 51% of its shares in its English subsidiary to Sangamo, and provided for a market sharing arrangement under which the English subsidiary, now controlled by Sangamo, would sell WESTON goods in the British Empire, and would enjoy patent licences and technical co-operation from Newark. In 1939 there was a further agreement between Newark and Sangamo under which Sangamo acquired all the shares in the former subsidiary, and in return for an annual fee payable over 15 years Newark agreed to supply Sangamo on request with further technical assistance, but there was no obligation on Sangamo to manufacture their goods which were to be sold as WESTON goods in accordance with any standards or requirements of Newark. It was also provided that Sangamo and Newark would share the world market in WESTON goods, with mutual agreements not to sell in each other's territory. In 1945 there was a further agreement which recited that the clauses of the 1939 agreement relating to exclusive areas of operation had not been observed and were deleted. In 1962 Sangamo applied to register the trade mark WESTON, and the application was unsuccessfully opposed by Newark. On appeal to the High Court;*

*Held, (1) that under the terms of the agreements there was nothing to prevent Sangamo from selling under the WESTON trade mark goods of their own invention, design, and specification, or to require WESTON goods sold in this country to accord with Newark's principles of design, materials or methods. Accordingly, here it could not be said that Newark had "imposed their identity" on the WESTON articles produced by Sangamo (p.183).*

Dictum of Lloyd-Jacob, J., in BOSTITCH Trade Mark [1963] R.P.C. 183 at 197 distinguished.

*(2) That the agreements were wholly inconsistent with any intention to preserve for Newark the right to trade in the United Kingdom under the WESTON trade mark (p.183).*

*Observed, " I confess that I find little attraction, as an abstract proposition, in the concept that a foreign company can set up a wholly owned subsidiary company here to manufacture and sell goods under a trade mark, and then, having sold the subsidiary company, itself using the trade mark. The foreign company could no doubt so provide by express agreement. He who sells the cow doubtless may reserve for himself the contractual right to sub the milk; but in the absence of any such agreement I should be slow indeed to hold that a foreign company was free to use a trade mark in competition in this country with the subsidiary company which it itself had created and then sold to the purchaser."*

*(3) That Newark had either abandoned the trade mark WESTON in the United Kingdom or by virtue of the agreements had assigned its right in the mark to Sangamo, and that in any event after 1939 it ceased to be open to Newark to rely in this country as against Sangamo on any prior reputation which it had owned in the mark (p. 183-4).*

*(4) That the evidence established that the mark WESTON was distinctive in the United Kingdom of Sangamo's goods. Accordingly, the Registrar had rightly permitted registration, and the appeal was dismissed (p.185).*

(Underlining added)

28. I must immediately hasten to reiterate at the cost of repetition that I have referred to the aforesaid three judgments because the ratio of Hardie Trading Ltd. of the Supreme Court will not apply to the facts of the present case as the defendant No. 1 has failed to show existence of special circumstances. If the defendant No. 1 had proved the existence of special circumstances, then, the aforesaid three judgments would not have applied inasmuch as the Supreme Court in the case of Hardie Trading Ltd. has held that if there are special circumstances by which the parent company or the original company could not sell goods in the local market, then, the original parent company does not lose rights in the trademark.

29. Finally, Learned Counsel for the defendant No. 1 has sought to place reliance upon Section 34 of the Trade Marks Act, 1958 and paragraphs 199 and 200 of Halsbury's Laws of England, 1995 Fourth Edition

manupatra Reissue, Volume 48 to argue the entitlement of defendant No. 1 to use its own trade name or in any case a right to concurrent use and shared goodwill. Section 34 of the Trade Marks Act and paras 199 and 200 of Halsbury's Laws are reproduced as under:

34. Saving for use of name, address or description of goods.--Nothing in this Act shall entitle the proprietor or a registered user of a registered trade mark to interfere with any bona fide use by a person of his own name or that of his place of business, or of the name, or of the name of the place of business, of any of his predecessors in business, or the use by any person of any bona fide description of the character or quality of his goods.

199. Use by corporation of its own name. On coming into existence a corporation has its name chosen by its promoters, and it does not have the same natural right to use its name as an individual has, but an established company has such a right even when it enters a market in which it has not previously traded. A newly-formed company may in general take the name under which the business which it is formed to take over has previously been lawfully carried on, but an individual who has no existing business or goodwill to transfer cannot confer upon a new company a special right to use his name.

200. Concurrent use and shared reputation. In certain circumstances two or more traders may acquire independent rights to carry on trade side by side using the same or similar names or marks, when the use of such names or marks by a third person without any such special right would undoubtedly constitute passing off. These rights are to be distinguished from cases where descriptive or fancy terms are common to the trade as a whole so that any new entrant is entitled to make use of them provided that he does so fairly. Concurrent rights to use proprietary, as opposed to descriptive, names or marks can arise by division between different persons of the goodwill of a business which was initially a single business by attainment of independence from its group by a subsidiary or associated company, by natural expansion of business using marks of independent origin into areas in which they come into conflict, or by continuing use by small local users in good faith after a mark has become generally identified with the products of a particular large manufacturer. A plaintiff's acquiescence in a defendant's use of a name or mark can result in the defendant's acquiring goodwill of his own in the name or mark so that it becomes unconscionable to allow the plaintiff to bar the defendant's continued use of that name or mark in a passing-off action.

Neither party with a concurrent right to use a name or mark can prevent the other from continuing to use it but the vested right of property of traders in marks which they have honestly adopted and which by public use have attracted valuable goodwill must be accommodated with the interest of the public in not being deceived about the origin of goods. A concurrent right to use does not, however, justify the use, whether intentionally or not, of a name or mark with attributes which increase the risk of confusion.

Another source of concurrent rights of use can arise from the rules of the European Community as to free movement of goods and as to competition.

30. Surely, the arguments in this regard are only arguments of desperation. Once it is the plaintiff who is the owner of the trademark in India, surely then no person including the defendant No. 1 can claim benefit of Section 34 alleging bona fide use. The defendant No. 1, if is entitled to use the trademark and trade name with the expression 'EXIDE' in countries abroad, however, in India since the trade mark 'EXIDE' is relatable to and distinctively only of the goods of the plaintiff and its predecessors companies, Section 34 cannot be so read that in spite of the plaintiff being the owner of the trademark Section 34 gives a right to the defendant No. 1 to destroy such ownership rights of the plaintiff. In fact it is for this reason that Courts have read down the language of Section 34 by holding that the benefit of Section 34 is available only to a natural person and not a legal entity like the defendant No. 1 which always can choose a different name. Reference in this behalf is invited to para 23 of the Division Bench judgment of this Court in the case of Goenka Institute of Education and Research vs. Anjani Kumar Goenka & Anr., 2009 (160) DLT 417, and which reads as under:

23(i). Though what has been urged by counsel for the appellant, is no doubt correct, however, the argument of the counsel for the appellant is answered by the argument raised by the counsel himself inasmuch as once it is held that a surname has become distinctive, normally such a surname can in fact be owned and used as a trademark. Reference in this regard is invited to the judgment of the Hon'ble Supreme Court in the case of **Mahendra and Mahendra Paper Mills Ltd. Vs. Mahindra and Mahindra Limited MANU/SC/0724/2001 : 2002 (2) SCC 147**. The relevant portion of this judgment is at para 24 which reads as under:

24. Judging the case in hand on the touchstone of the principles laid down in the aforementioned decided cases, it is clear that the plaintiff has been using the words "Mahindra" and "Mahindra & Mahindra" in its companies/business concerns for a long span of time extending over five decades. The name has acquired distinctiveness and a secondary meaning in the business or trade circles. People have come to associate the name "Mahindra" with a certain standard of

goods and services. Any attempt by another person to use the name in business and trade circles is likely to and in probability will create an impression of a connection with the plaintiffs' Group of Companies. Such user may also affect the plaintiff prejudicially in its business and trading activities. Undoubtedly, the question whether the plaintiffs' claim of "passing-off action" against the defendant will be accepted or not has to be decided by the Court after evidence is led in the suit. Even so for the limited purpose of considering the prayer for interlocutory injunction which is intended for maintenance of status quo, the trial court rightly held that the plaintiff has established a prima facie case and irreparable prejudice in its favour which calls for passing an order of interim injunction restraining the defendant Company which is yet to commence its business from utilizing the name of "Mahendra" or "Mahendra & Mahendra" for the purpose of its trade and business. Therefore, the Division Bench of the High Court cannot be faulted for confirming the order of injunction passed by the learned Single Judge.

(ii) Another relevant judgment in this regard is the judgment of a Division Bench of this Court in the case of **Montari Overseas Ltd Vs. Montari Industries, 1996 PTC (16) 142 (Del)**. The relevant portions of this judgment are as under:

"When a defendant does business under a name which is sufficiently close to the name under which the plaintiff is trading and that name has acquired reputation and the public at large is likely to be misled that the defendant's business is the business of the plaintiff, or is a branch or department of the plaintiff, the defendant is liable for an action in passing off. Even if the word "MONTARI" as part of the corporate name of the appellant was derived from the names of the father and father-in-law of the M.D. of the appellant company it would still be liable for an action in passing off as the use of the word "MONTARI" in its corporate name is likely to cause confusion and injure the goodwill and reputation of the respondent, in the sense that this is a reasonable and foreseeable consequence of the appellant's action. We find from the record of the trial court, which contains the Memorandum of Association of six Montari group of companies and annual reports of Montari Industries Ltd., that Montari group of industries have large operations and some of them have been in business for a long time. The members of the public are likely to mistakenly infer from the appellant's use of the name which is sufficiently close to the respondent's name that the business of the appellant's company is from the same source, or the two companies are connected together."

"It is well settled that an individual can trade under his own name as he is doing no more than making a truthful statement of the fact which he has a legitimate interest in making. But while adopting his name as the trade name for his business he is required to act honestly and bonafidely and not with a view to cash upon the goodwill & reputation of another. An individual has the latitude of trading under his own name is in recognition the fact that he does not have choice of name which is given to him. However, in the case of a Corporation the position is different. Unlike an individual who has no say in the matter of his name, a company can give itself a name. Normally a company can not adopt a name which is being used by another previously established company, as such a name would be undesirable in view of the confusion which it may cause or is likely to cause in the minds of the public. Use of a name by a company can be prohibited if it has adopted the name of another company.

It is well settled that no company is entitled to carry on business in a manner so as to generate a belief that it is connected with the business of another company, firm or an individual. The same principle of law which applies to an action for passing off of a trade mark will apply more strongly to the passing off of a trade or corporate name of one for the other. Likelihood of deception of an unwary and ordinary person in the street is the real test and the matter must be considered from the point of view of that person. Copying of a trade name amounts to making a false representation to the public from which they have to be protected. Besides the name of the company acquires reputation and goodwill, and the company has a right too to protect the same. A competitor cannot usurp the goodwill and reputation of another. One of the pernicious effects of adopting the corporate name of another is that it can injure the reputation & business of that person".

(iii) The ratio of Montari is also the ratio of the judgments of this Court in Dr. Reddy's Laboratories cases which are reported as **Dr. Reddy's Laboratories Ltd. VS. Reddy Pharmaceuticals Ltd. 2004 (29) PTC 435 (Del)** and **Reddy Pharmaceuticals Ltd. Vs. Dr. Reddy's Laboratories Ltd. 2007 (35) PTC 868 (Del.) (DB)**. Paras 15 and 16 of the learned Single Judge's Judgment in the above decision read as under:-

"15. The plea raised by the defendant that it has a bona fide statutory right to use the trade name

"Reddy" as its Managing Director is Mr. Reddy is also liable to be rejected for the reason that the trade mark "Dr. Reddy" in spite of not being registered has acquired considerable trade reputation and goodwill in the community dealing with drugs and pharmaceutical not only in India but abroad also. This trade mark is now distinctively associated with the plaintiff's company. Its long and continuous user by the plaintiff is prima facie established. The use of trade name/mark "Reddy" by the defendant is capable of causing confusion and deception resulting in injury to the goodwill and reputation of the plaintiff company. No other "Reddy" has a right to start a rival business by using the same trade name on the plea that it is his surname. This would encourage deception. If such a plea is allowed, rivals in trade would be encouraged to associate in their business ventures persons having similar surnames with a view to encash upon the trade reputation and goodwill acquired by others over a period of time In **Bajaj Electrical Limited, Bombay v. Metals & Allied Products, Bombay and another, AIR 1988 Bombay 167**, the user of a family name by the defendants was held to be an act of passing off the goods and it was observed that the use of such family name as a trade mark was not permissible. The plea of the defendants that the surname of the partners of its firm could be used to carry on trade in their own name was rejected. It was held that prima facie the defendants were intentionally and dishonestly trying to pass off their goods by use of name "Bajaj" and as such the plaintiff had made out a case for grant of injunction."

"16. In the case of Kirloskar Diesel Recon Pvt. Ltd. and another v. Kirloskar Proprietary Ltd. and others, AIR 1996 Bombay 149 also, it was held that the use of surname was not saved by Section 34 of the Trade and Merchandise Marks Act, 1958 for an artificial person like incorporated Company. It was also held that the mark 'Kirloskar' used by the plaintiffs had acquired a secondary meaning and had become a household word and as such Section 34 of the Act could not come to the rescue of the defendants."

The view of the learned Single Judge has been accepted by the Division Bench in the judgment reported as **Reddy Pharmaceuticals Ltd. Vs. Dr. Reddy's Laboratories Ltd. 2007 (35) PTC 868 (Del.) (DB)**.

(Underlining added)

It is thus clear that Section 34 gives no defence to the defendant No. 1 and this argument of the defendant No. 1 to use its trademark is rejected.

31. (i) By the same rationale as given above paras 199 and 200 of the Halsbury's Laws of England (supra) cited above can have no application inasmuch as so far as India is concerned once the plaintiff is the owner of the trademark 'EXIDE' the defendant cannot use the trademark either in relation to goods or in relation to its trade name. I am of the opinion that paras 199 and 200 of the Halsbury's Laws of England (supra) cited before me cannot be so read that even if one person is owner of the trademark, such owner of trademark cannot prevent any other person who uses the same trademark against the interest of the owner. Once again I am making this statement with respect to ownership of the trademark by the plaintiff and its predecessor companies in India inasmuch as in India whether they be customers/buyers/dealers or any other persons associated with the trade do not understand the sale of batteries under the trademark 'EXIDE' as being in any manner related to the defendant No. 1/US company. The sale of the goods being the trade mark 'EXIDE' by all the concerned persons is only relatable to the plaintiff and its predecessors, and therefore, thought the defendant may be owner in various other countries in the world so far as in India is concerned it is the plaintiff alone who is the owner of the trade mark 'EXIDE'. Para 199 of Halsbury's Laws cannot be read to destroy ownership of an existing owner of a trademark and the law which will apply in India is the law under Section 34 and so stated in para 23 of the Goenka's case reproduced above.

(ii) Similarly I really have failed to understand how para 200 of Halsbury's will apply because of not only the law laid down under Section 34, but also there cannot be an honest concurrent use benefit to the defendant No. 1 as there is no honesty and nor is there any concurrent use of many number of years. Para 200 of Halsburys itself denies the right of concurrent use when the risk of confusion increases. Also there does not arise any issue of acquiescence by the plaintiff once it is shown that there are no such sales of the defendant No. 1 over many years for this argument to be urged.

(iii) In fact I find that aforesaid paras 199 & 200 go against the defendant No. 1 as per their language/content.

32. In view of the above, issue Nos. 3, 7 & 8 are decided in favour of the plaintiff and against the defendant.

Issue No. 4

33. There is also an issue No. 4 with regard to whether the plaintiff has suppressed any material facts and the suit deserves to be dismissed. In my opinion, issues of suppression are ordinarily/normally only issues with respect to grant/denial of interim reliefs. Once plaintiff in substantive proceedings being the main suit itself at the final stage is held to be the owner of the trademark, even assuming there is some suppression, it cannot be said that the plaintiff will be disentitled to the final relief of injunction. Suppression of material facts, and which I take to be true for the sake of argument, cannot destroy ownership rights at the stage of final

manupatra judgment unless Courts hold the suppression to be of such great magnitude for the same to cause destruction of substantive rights. Of course, injunction is a discretionary relief and is not granted where certain facts are suppressed, however, there is no law that even if there is some sort of suppression, yet even if the plaintiff in a suit proves substantive rights with respect to injunction based on Section 38 of the Specific Relief Act, 1963, the right of perpetual injunction can be refused. As per Section 38 of the Specific Relief Act, 1963 once a plaintiff proves that it is necessary to prevent the breach of violation of an obligation existing in the plaintiffs favour, and such breach being violation of ownership of the trademark, perpetual injunction follows. At the cost of repetition, discretion of the Court has to be exercised with respect to denial of injunction at the stage of final disposal of the suit only if the suppression is such for the Court to be convinced that everything else which the plaintiff has done, and which shows that the plaintiff is the owner of the trademark, becomes immaterial because of suppression and is such for the substantive proved relief of injunction to be declined. In the facts of the present case, I do not feel that the discretion should be so exercised by me against the plaintiff to decline the relief as claimed, merely on the ground that there is certain suppression of facts. Issue No. 4 is accordingly decided against the defendant No. 1.

#### ISSUE No. 5

34. Issue No. 5 is with respect to acquiescence of the plaintiff. I have already partly dealt with this aspect in para 32 above. I have already held above that the defendant No. 1 has failed to show any sale of goods under the trademark 'EXIDE' from 1950 to 1997, it has also failed to show any special circumstances, (much less having pleaded so), and hence, there does not arise any issue of acquiescence inasmuch as issue of acquiescence can be urged only if the defendant had been selling goods in India under the trademark 'EXIDE' or there were special circumstances for not selling the goods under the trademark 'EXIDE'. Issue No. 5 is, therefore, decided in favour of the plaintiff and against the defendant No. 1.

#### RELIEF

In view of the above, suit of the plaintiff is decreed. Counter claim No. 725/1998 of the defendant Nos. 1 and 2 will stand dismissed. Plaintiff is held to be the registered proprietor of the trademark 'EXIDE' and the defendant No. 1 cannot infringe the trademark of the plaintiff and sell its goods or have a trade name with having the trademark 'EXIDE' of the plaintiff or any other name/mark deceptively similar thereto. Plaintiff is also the prior user of the trademark in India and, therefore, owner of the trademark 'EXIDE' in India inasmuch as defendant No. 1 has failed to plead and prove existence of special circumstances. The selling of goods by the defendant No. 1 under the trademark 'EXIDE' and also the proposed sale thereof by use of the trademark 'EXIDE' is illegal, and therefore, defendant Nos. 1 and 2 are enjoined from in any manner selling their goods or having their trade name with the trademark 'EXIDE' of the plaintiff or any other name/mark deceptively similar thereto.

The suit and counter-claim are accordingly disposed of. Decree sheet be prepared. Parties are left to bear their own costs.