

\* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

% *Date of decision: 23 November, 2020*

+ CS(COMM) 375/2020, IAs 8010/2020 & 9611/2020

UFO CONTEMPORARY, INC. ....Plaintiff

Through: Mr. Hemant Singh, Adv. with  
Ms. Mamta Rani Jha, Mr. Wasim  
Shuaib Ahmed, Mr. Sambhav Jain,  
Adv.

Versus

CREATIVE KIDS WEAR (INDIA) PVT. LTD.

&ORS.

.....Respondents

Through: Mr. A. Murali, Adv. with  
Ms. Bansuri Swaraj & Ms. Ana  
Upadhyay, Adv. for D-1 to D-4  
Mr. Dheeraj Nair, Adv. with  
Mr. Mohit Bakshi & Ms. Vishrutyi  
Sahni, Adv. for D-5  
Ms. Nilofar Absar, Adv. for D-6  
Mr. Kunal Kher, Adv. for D-7  
Ms. Akanksha Kalyanpur, Adv. for D-  
8 & 9

**CORAM:**

**HON'BLE MR. JUSTICE V. KAMESWAR RAO**

**J U D G M E N T**

**V. KAMESWAR RAO, J.**

**IA 8010/2020**

1. By this order, I shall decide IA 8010/2020 filed by the plaintiff under Order XXXIX Rule 1 & 2 read with Section 151 CPC.
2. The case of the plaintiff, as contended by Mr. Hemant Singh is that the suit has been filed for infringement and passing off in relation to plaintiff's trade mark UFO (word per se) registered in


India vide trade mark registration No. 388739 dated April 13, 1982 in class 25 for description of goods comprising trousers including pants and blouses and shirts for men, women and children. The registration is valid till April 13, 2030. According to Mr. Singh, the trade mark UFO is an arbitrary mark, which was adopted by the plaintiff in the year 1968 and has been registered in various countries. The trade mark UFO has been promoted extensively by various brand ambassadors and has also featured in the leading international magazines, which are circulated globally, as well as in India. The plaintiff has also registered its trade mark UFO as a domain name in 1998. The plaintiff gets its clothing manufactured for export and sale in international markets from third party manufacturers. The defendant Nos. 2, 3, 8 and 9 have been engaged and associated with such manufacturers of clothing under the trade mark UFO for and on behalf of plaintiff in India since 1970s till 2011. In this regard, he has relied upon the sale invoices bearing the trade mark UFO for the period between 2003-2011.








3. Mr. Singh stated, the use of the trade mark UFO by the defendant Nos. 2, 3, 8 and 9 during the period 1970-2011 was by way of license granted by the plaintiff, one such agreement dated October 21, 1982 has been placed on record. He stated that the said agreement was signed by the plaintiff and defendant Nos. 8 and 9 on behalf of Creative Casualwear Pvt. Ltd., which was a part of the Creative Group of Companies. He laid stress on the fact that defendant Nos. 2, 3, 4, 8 and 9 are all part of the Creative Group of Companies and were associated with the plaintiff by undertaking the manufacture and export of plaintiff's product i.e. apparels under



the trade mark UFO. He stated that in March, 2011, defendant No. 2 approached the plaintiff vide email dated March 30, 2011 to launch children's clothing in India under the trade mark UFO. Vide e-mail dated May 07, 2011, the plaintiff agreed to grant license for the use of the trade mark UFO for kids-wear by sharing a draft license agreement. The said draft license agreement had depicted the trade marks proposed to be licensed for its use by the licensee in India. Vide e-mail dated June 08, 2011, the defendant No. 2 shared the logo it proposed to use with UFO written in the same manner in which it is currently being used by the defendants and is sought to be enjoined by the plaintiff on grounds of being an unauthorized use. The defendant No. 2 desired full ownership of the trade mark UFO in India instead of licensed use, which was categorically denied by the plaintiff vide its e-mail dated July 12, 2011. This led to the parties falling apart in respect of the then business relationship. Thereafter, the plaintiff started getting its clothing products for export, manufactured from another manufacturer till 2017. The plaintiff is in negotiations with other manufacturers in India for undertaking the said assignment.

4. Mr. Singh would contend that it was only in the month of January, 2019 that the plaintiff came across trade mark



of defendant No.1 published in Trade Marks Journal No. 1869 dated October 01, 2018 on a '*proposed to be used*' basis for garments falling in class 25. The plaintiff immediately filed opposition thereto since  used in the advertised trade mark was the same which the plaintiff has disallowed the defendants from using, except by way of a license, to be granted by

the plaintiff as is evident from communications exchanged in 2011. He stated that further inquiry by the plaintiff revealed that the defendants are even selling clothing and garments on various e-commerce platforms under the trade mark . Such infringing products were purchased by the plaintiff through an investigator engaged for the said purpose and such infringing  branded clothing were sold by Amazon India, Tatacliq and Myntra etc. Pursuant thereto, the plaintiff had issued legal notice dated October 24, 2019 to defendant Nos. 1 to 4, 8 & 9 in order to bring such infringing activities to their notice and seeking an undertaking not to use the trade mark . The defendant No.1 replied to the said notice and agreed to change the logo . They further represented that they already stopped using  from November 14, 2019 and are ready and willing to give an undertaking not to use  in future as well. However, the defendants demanded six months' time to clear the stock bearing the impugned mark . Vide letter dated December 05, 2019, the plaintiff agreed to ten weeks' time frame for the defendants to exhaust the subsisting stock. However, since even towards the end of January 2020, the infringing products were found to be on sale on e-commerce platforms, a reminder was sent by the plaintiff to the defendant Nos. 1, 2, 3, 4, 8 & 9 to remove such listings and give an undertaking to stop the use of the impugned mark. Despite such notices and assurances given by the defendants, the plaintiff found the infringing UFO branded products selling on the said e-commerce platforms even in the month of June, 2020.

5. Mr. Singh stated that the plaintiff's trade mark registration is for the word mark UFO for clothing falling in class 25. Such trade mark is infringed by use of any deceptively similar trade mark thereto. (Ref: *K.R. Krishna Chettiar v. Sri Ambal AIR 1970 SC 146*. He refers to Section 29(9) of the Trade Marks Act, 1999 ('Act of 1999', for short) which recognizes that a registered trade mark consisting of words is infringed by spoken use of those words and reference to the use of mark in Section 29 shall be construed accordingly. According to him, no matter how UFO is visually depicted and is different from its depiction of plaintiff's trade mark, such use will always constitute infringement on account of phonetic identity by spoken use of the impugned trade mark by the defendants. Phonetically, the registered trade mark UFO and the impugned trade mark  are identical. They are further used for identical goods namely clothing and garments for which the plaintiff's trade mark is registered. Hence, on account of identity of registered trade mark and identity of goods, the use of the impugned trade mark by the defendants falls within the scope of infringement as defined under Section 29(2)(c) of the Act of 1999 and in case of such use, the Court is required to presume confusion vide Section 29(3) and hence the defendant Nos. 1 to 4, 8 and 9 are liable to be enjoined. He stated that the use of the mark  with any other 'added matter' thereto by way of other marks used in conjunction such as 'under fourteen only' or 'device of a face' or any other device or mark is irrelevant consideration as held by the Supreme Court in the case of *Kaviraj Pandit Durga Dutt v. Navaratna Pharmaceutical AIR 1965 SC 980*. He also relied upon the

judgment of the Supreme Court in the case of *Ruston and Hornby v. Zamindara Engineering AIR 1970 SC 1649*. In effect, it is his submission that the use of the mark by the defendants as depicted above, is in violation of statutory right of exclusive use of the registered trade mark under Section 28 and Section 29 of the Act of 1999. The said violation of right of exclusive use cannot be mitigated or circumvented by adding some other mark.

6. On the plea of estoppel taken by the defendant Nos. 1 to 4, it is the submission of Mr. Singh that the defendant Nos. 1 to 4 were permitted to use plaintiff's registered trade mark UFO in relation to the clothing manufactured by the defendants on behalf of the plaintiff by way of a license arrangement. The said license arrangement came to an end in the year 2011. The defendants are therefore estopped from claiming any right to use the said trade mark or any other deceptively similar trade mark, or questioning plaintiff's proprietary rights in the trade mark UFO by way of present proceedings. In this regard, he relied upon the judgment of this Court in the case of *J.K. Jain & Ors. v. Ziff-Davies 2000 (20) PTC 244 (Del)*. He also stated that the adoption of the mark UFO by the defendant Nos. 1 to 4 is a *mala fide* adoption, inasmuch as they are also using UFO as abbreviation of the mark 'Under Fourteen Only' which is descriptive in nature. A party is not permitted to copy or use a registered trade mark on the basis that it is an abbreviation or acronym of another mark, which is different. Such dishonest and *mala fide* attempt to misappropriate registered trade marks have been rejected by the Courts through various judgments. In support of his submission, he relied upon the

judgment of this Court in the case of *H&M Hennes & Mauritz v. HM Megabrands (2018) 251 DLT 651; B.K. Engineering v. Ubhi Enterprises 1985 (5) PTC 1 (Del) (DB)*.

7. According to Mr. Singh, the plea of the defendants that the plaintiff is not entitled to the relief of injunction as there is no sale of UFO branded products of the plaintiff in India is misconceived and untenable. Firstly, it is incorrect on the part of the defendant Nos. 1 to 4 to plead that there is no use of trade mark UFO by the plaintiff in India. The defendant Nos. 1 to 4 themselves have been manufacturing and exporting UFO branded clothing for and on behalf of the plaintiff from India till 2011 and thereafter the plaintiff has got the said products manufactured by other third-party manufacturers. Section 56 of the Act of 1999 recognizes that use of trade mark in India in relation to goods to be exported amounts to use of trade mark in India for any purpose which is material under the Act. In this regard, he has relied upon the judgment of the Bombay High Court in the case of *Wockhardt v. Eden Healthcare 2014 (58) PTC 14 [Bom]; Ajanta Pharma v. Zuventus Healthcare 2020 (82) PTC 363 [Del]*.

8. That apart, it is his submission that the balance of convenience is in favour of the plaintiff and irreparable injury would be caused to the plaintiff if the injunction as prayed for, is not granted.

9. On the other hand, Mr. A. Murali stated that the Defendant No. 1 had in the year 2012, launched a popular Indian exclusive kids' wear brand namely "*Under Fourteen Only*" with the brand mascot "*Oodle*" which is clearly visible on the Defendants' applied



Device Mark in use since 2012 . In the last 8 years, the brand “*Under Fourteen Only*” has flourished in the Indian market as a popular brand manufacturing and selling kids-wear and it is only possible because of the continuous efforts of the defendant Nos. 2, 3 and 4. His submission is that the plaintiff has no *locus* to file the present suit for injunction against the defendants, inasmuch as the plaintiff has no presence in the Indian market. In this regard, he stated that the plaintiff is a USA based company whose products under its word mark UFO do not have any commercial presence in the Indian market through any online platforms or offline in the form of Brick and mortar stores. Furthermore, nothing has been brought on record to prove any sales of the plaintiff’s products under its word mark UFO. Even otherwise, the manufacture of the plaintiff’s products under the mark UFO has taken place in factories in India from the 1970s till 2017 for purpose of export to various countries such as Japan, USA, Canada, etc, and not for sale in the Indian sub-continent.

10. That apart he stated, the attempt of Mr. Hemant Singh to show popularity of its products under the mark UFO, on the Indian soil by way of magazines and periodicals, pertaining to an era between the 1970s-1990s, which can neither be said to have a wide nor a popular circulation in India in a period when even social media had not been introduced worldwide. He stated that the defendants’ brand “*Under Fourteen Only*” remains a popular and exclusive kids’ wear brand in Indian households since its launch in 2012. There is no similarity between the plaintiff’s mark UFO and label used by the defendants, which utilizes the letters “u, f, & o” as

a mere acronym for their popular Indian brand “*Under Fourteen Only*”, to save space for branding on its popular apparel. Therefore, even *prima facie* a case of infringement does not survive against the defendants.



11. In support of his submission on the aspect of distinctiveness and passing off, he relied upon the judgment of the Supreme Court in the case of *Laxmikant V. Patel vs Chetanbhai Shah and Another, (2002) 3 SCC 65*. In substance, it is his submission that in view of the judgment of the Supreme Court, the plaintiff’s word mark UFO has not been able to fulfill the mandatory requirement of user in India in the arena of retail and thus by no means has acquired distinctiveness in India which is *sine qua non* to a successful action against passing off or for that matter dilution and misappropriation of goodwill. He also relied upon the judgment of the Supreme Court in the case of *Toyota Jidosha Kabushiki Kaisha v. Prius Auto Industries Ltd., (2018) 2 SCC 1* to contend that the Territoriality Doctrine over and above the Universality Principle in relation to protection of trade marks claiming to enjoy trans-border reputation. He stated that the Apex Court clearly held that the Territoriality Doctrine is in accordance with the principle of equity, justice and good conscience which is the foundation for a relief of interim injunction as sought vide the present application.

12. He also relied upon the judgment in the case of *Ajanta Pharma Ltd. (supra)* to contend that the plaintiff has to show sales in India thereby establishing goodwill within the territory of India. That apart, it is his endeavour to contend that the brand “*Under Fourteen Only*” has acquired a formidable reputation in the Indian

household for kids' wear in contrast to the plaintiff's products, which are absent on any of the online and offline retail platforms in India and even for the sake of argument if it is said that the plaintiff has an online website on which its products under mark UFO are available for sale, it goes without saying, that the population with whom such knowledge or information of the product would be available would be a very limited section of the public which may have come across the brand on their visit to the USA in a time much earlier than the launch of the defendants' brand. Hence, it cannot be said that the plaintiff's word mark UFO enjoys a formidable goodwill or reputation in the Indian or International markets.

13. He also pleaded acquiescence on the part of the plaintiff along with delay and laches. The submission of Mr. Murali is that the plaintiff has approached this Court after eight years from the launch of the brand "*Under Fourteen Only*" by the defendants with a sole intention to harass the defendants. He relied upon Section 33(1) of the Act of 1999 to contend that the said provision clearly disempowers a registered trade mark owner from opposing a trade mark later in origin, if it has acquiesced for a continuous period of five years in the use of a registered trade mark by being aware of that use. In this regard, he has relied upon the judgments of the Supreme Court in the case of *Power Control Appliances v. Sumeet Machines (P) Ltd.*, (1994) 2 SCC 448 and *Ramdev Food Products (P) Ltd. v. Aravindbhai Rambhai Patel and Ors.*, (2006) 8 SCC 726.


14. Mr. Murali has also relied upon the judgment of the Supreme Court in the cases of *Vishnudas Trading v. Vazir Sultan*

*Tobacco Co. Ltd., (1997) 4 SCC 201* and *Nandhini Deluxe v. Karnataka Co-Operative Milk Producers Federation Ltd. and Ors., (2018) 9 SCC 183* to contend that the defendants have proposed to register the impugned mark purely with the intention of using the same to manufacture and sell garments for kids under the age of fourteen years only and the same will not be detrimental to the mark of the plaintiff because the plaintiff has not sold a single garment within India till date, let alone garments for kids and therefore the plaintiff is not entitled for an injunction. In any case, the defendant Nos.1 to 4 product with label  have been duly delisted from the e-commerce websites of defendant Nos. 5 to 7 herein. Even on that count, no prejudice is going to be caused to the plaintiff because of the use of the label .

15. That apart, it is also stated that the defendant Nos. 2 to 4 are non-litigious individuals and therefore, before the advent of the Pandemic and without admitting to the infringement or violation of rights pertaining to the plaintiff with respect to the word mark UFO, the defendants on their own volition and in a *bona fide* manner, planned to change the Label for the brand name “*Under Fourteen Only*”, which has been completely misconstrued by the plaintiff as an admission to infringement. However, due to the onset of the Pandemic and the statutorily imposed nation-wide lockdown, the defendants were rendered handicapped, and could not make the requisite changes, as they have on their own decided to do, without prejudice to their rights and contentions, and so as to avoid any legal complications. They seek dismissal of the application.

16. Having heard the learned Counsel for the parties and perused the record, the prayer of the plaintiff in this application is seeking an injunction against the defendants, more particularly, defendant Nos. 1 to 4 from infringing and passing off the plaintiff's registered trade mark UFO which is registered in India in the year 1982. The mark of the defendant Nos. 1 to 4 is reproduced below:



17. The plea of Mr. Hemant Singh, learned Counsel for the plaintiff is that the depiction of the words **UFO** in the device mark  of the defendant Nos. 1 to 4 is infringing.

18. The submission of Mr. A. Murali, learned Counsel for the defendants can be summed up as under:


I. Defendants had launched popular kids' wear brand namely "*Under Fourteen Only*" with the brand mascot "*Oodle*".

II. The plaintiff has no *locus* to file the suit and seek injunction against the defendant Nos. 1 to 4 as the plaintiff has no presence in the Indian market through online or offline platforms.



III. Even otherwise, the manufacturing of the plaintiff's products under mark UFO has taken place in factories in India for purpose of export to various countries such as

Japan, USA, Canada, etc, and not for sale in the Indian sub-continent.

IV. The plaintiff having approached this Court after eight years of the defendants launching its products under the mark “*Under Fourteen Only*” and in view of Section 33 (1) of the Act of 1999, the plaintiff is estopped from opposing a trade mark after five years.

V. The defendant Nos. 1 to 4 proposed to register the impugned mark  purely with an intention for using the same to manufacture and sell garments for children under the age of 14 years only and same will not be detrimental to the mark of the plaintiff.

19. Having noted the broad submissions made on behalf of the defendant Nos.1 to 4, there is no dispute that a mark is said to be deceptive if it is visually or phonetically similar to the registered mark or a mark which is in use prior in time and has attained goodwill and reputation.

20. The grievance of the plaintiff is primarily the presence of the letters “UFO” in the devise mark of the defendant Nos. 1 to 4, assuming that  is written in a different form than the mark “UFO” of the plaintiff. The mark  of the defendant Nos. 1 to 4 is phonetically identical to the plaintiff’s mark “UFO”, more particularly when the goods in question are also identical. In this regard, Mr. Singh is justified in relying upon the judgment of the

Supreme Court in the case of *K.R. Krishna Chettiar (Supra)*, wherein the Supreme Court has held as under:

*“Ambal cannot be read to get the mark registered as there is a striking similarity and affinity of the sound with the word “Andal”*

21. That apart in view of Section 29 (2)(c) of the Act of 1999, the impugned device mark of defendant nos. 1 to 4 with **uf** even being an abbreviation of “*Under Fourteen Only*” and in conjunction with other device occupy the same class, i.e., Class 25 shall constitute infringement of the plaintiff mark “UFO”.

22. In *Kaviraj (supra)* the Supreme Court in Para 28 held that if the essential device of the trade mark of the plaintiff had been adopted by the defendants, the fact that get up of the packaging and other trading or marks of the goods on the packets in which he offers his goods for sale, showed a marked difference or indicate clearly a trade origin, with that of the registered proprietor of the mark would be immaterial.

23. Mr. Singh is justified in stating that if the impugned mark of the defendants falls within the scope of infringement then the Court is required to presume confusion under Section 29 (3) of the Act of 1999.

24. The plea of Mr. Murali that the plaintiffs mark “UFO” has not been able to fulfil the mandatory requirement of user in India as the plaintiff has no sales in India and cannot be said to have acquired distinctiveness, it is necessary to answer a related issue whether in view of Section 56 of Act of 1999, when the garments / clothes are being manufactured in India for the purpose of export

with mark “UFO” and not for sale in India, can there be an infringement of trade mark “UFO”. The answer to the question has to be affirmative in view of Section 56 of the Act of 1999, which reads as under:

*“(1) The application in India of trade mark to goods to be exported from India or in relation to services for use outside India and any other act done in India in relation to goods to be so exported or services so rendered outside India which, if done in relation to goods to be sold or services provided or otherwise traded in within India would constitute use of a trade mark therein, shall be deemed to constitute use of the trade mark in relation to those goods or services for any purpose for which such use is material under this Act or any other law.*

*(2) The use of a registered trade mark in relation to goods or services between which and the person using the mark any form of connection in the course of trade subsists shall not be deemed to be likely to cause deception or confusion on the ground only that the mark has been or is used in relation to goods or services between which and the said person or a predecessor in title of that person a different form of connection in the course of trade subsisted or subsists.”*

25. It is not disputed that the plaintiff is getting manufactured garments / clothes in India by applying the mark “UFO” before exporting them abroad. The depiction of mark UFO is within the meaning of Section 56 of the Act of 1999. Section 28 of the Act of 1999 gives the right, to the registered proprietor of the trade mark to exclusive use of the trade mark in relation to goods or services in respect of which the trade mark is registered and obtain the relief in respect of infringement thereof in the manner provided by the Act of 1999.

26. The Bombay High Court in the case of *Cadila Pharmaceuticals Ltd. v. Sami Khatib*, MANU/MH/0497/2011 has in Paras 51, 52, 53 held as under:

*“51. It is admitted that the appellant applies the impugned mark to the goods in India which are thereafter exported. The impugned mark has thus been applied to the appellant’s goods within the meaning of section 56. Had the mark been applied in relation to goods to be sold within India, it would undoubtedly have constituted use of the trade mark in India. By virtue of section 56, the application in India of the trade mark, although to goods to be exported from India, is deemed to constitute use of the trade mark in relation to the said goods “for any purpose for which such use is material under the Trade Marks Act, 1999, or any other law”. The plain language of section 56, therefore, constitutes the application in India of trade marks even to goods to be exported from India as use of the trade mark in relation to those goods for any purpose for which such use is material under the Act or any other law.*

*The use of a trade mark is relevant for more than one reason. It is relevant to a party seeking to establish goodwill and reputation in a mark in an action for passing off. It is also relevant, even if it is not necessary, to establish the act of infringement or passing off.*

*52. There is little doubt that the use of a trade mark within section 56 can be relied upon to maintain an action for infringement.*

*Section 28 of the Act gives to the registered proprietor of the trade mark, the exclusive right to “use” the trade mark in relation to the goods or service in respect of which the trade mark is registered and to obtain relief in respect of infringement thereof in the manner provided by the Act.*

*Section 29 enumerates various circumstances that would constitute infringement of registered trade marks by the use thereof by a person who is not entitled to use the same. For instance, Section 29 of the Act provides that a registered*

*trade mark is infringed by a person who, not being a registered proprietor or a person using by way of a permitted use, “uses” in the course of trade, a mark which is identical with or deceptively similar to the registered trade mark. Section 29(2) provides that a registered trade mark is infringed by a person who not being a registered proprietor or a person using by way of a permitted use, uses in the course of trade, a mark which because of the factors enumerated therein is likely to cause confusion on the part of the public or which is likely to have an association with the registered trade mark. Section 29(6)(c) expressly provides that for the purpose of section 29, a person uses a registered mark if he, inter-alia, imports or exports goods under the mark.*

*53. Thus section 56 would clearly apply to an action for infringement if the trade mark is applied in India to goods to be exported from India as the same is deemed to constitute use of a trade mark in relation to those goods for any purpose for which such use is material under the Act.”*

27. Similarly, Coordinate Bench of this Court in the case of ***Kirorimal Kashiram Marketing Agencies Pvt. Ltd. v. Sachdeva and Sons Industries Pvt. Ltd.*** MANU/DE/1773/2008, has held that export under Section 56 of the Act of 1999 is use of the trade mark.




28. Another Coordinate Bench of this Court in the case of ***Friends Overseas v. Swadi Product U.K. Ltd. and Ors.***, MANU/DE/2941/2012 as in Para 14 held as under:


*“In Kirorimal Kashiram Marketing & Agencies Private Limited versus Sachdeva & Sons Industries Pvt. Ltd. 2009 (39) PTC 142 (Del.), a Single Judge of this Court has held that export under Section 56 of the Act is use of the trade mark. There is no restriction on the plaintiff exporting its goods. If the plaintiff were to export its goods, the buyers in different countries are similarly, as in this country, likely to be confused by*

*similar/deceptively similar trade mark. It also cannot be said that the present suit is without any cause of action merely because defendant no. 1 is not marketing its products in India under the trade mark "SWADI" for the simple reason that the defendant no. 2 has been set up to manufacture, products under the mark "SWADI" and goods are exported under the said mark by the defendant no. 2 to defendant no.1, inasmuch as, defendant no.3 is printing and supplying packaging material to the defendant no.2. Manufacturing and packaging in India will attract Section 56 of the Act. Alberto Co. versus R.K. Vijay 166(2010) DLT 391, World Tanker Carrier versus SNP Shipping AIR 1998 SC 2330 and Crompton Greaves Ltd. versus Salzer Electronics Limited 2011 (46) PTC 450 Madras are in the context of different facts and of no help to the defendants."*

29. In view of the above position of law, even if it is said that there is no commercial sale of clothes / garments of the plaintiff in India through online / offline, but the fact that the clothes / garments are being manufactured by putting trade mark UFO and exported outside India, the parameters of Section 56 are satisfied inasmuch as there is a Brand in India of the trade mark although goods to be exported from India is deemed to constitute the use of the trade mark in relation to goods. So, it is inconsequential that there is no commercial sale of goods of the plaintiff in India. This plea of Mr. Murali is to be rejected.

30. The reliance placed by him on the Judgments in the case of *Laxmikant V. Patel (supra)*, *Toyota Jidosha Kabushiki Kaisha (supra)* and *Ajanta Pharma Ltd. (supra)* have no applicability in the facts of this case in view of Section 56 of the Act of 1999 and in view of my conclusion above.

31. The plea of Mr. Singh that the adoption of the mark  as an abbreviation of “*under fourteen only*” by the defendant Nos. 1 to 4 is *mala fide*, is justified. This I say so as the defendant Nos. 1 to 4 were manufacturing the garments / clothes for the plaintiff for almost 22 years. The defendant Nos. 1 to 4 had approached the plaintiff for the use of the mark  on their goods to be marketed locally, which the plaintiff consented to on a licensed basis, which it appears was not accepted by defendant Nos. 1 to 4. Later, when the defendants Nos. 1 to 4 were called upon to cease and desist from using the impugned mark UFO, the defendants Nos. 1 to 4 sought time to exhaust the stock. It transpired even after the expiry of the time sought for, defendants Nos. 1 to 4 continues to use the impugned mark. So the usage of the mark  under these circumstances is surely an attempt to encash the goodwill and reputation of the plaintiff as an international brand which is clearly impermissible. In fact, in the Judgment relied upon by the defendants in *Laxmikant V. Patel (supra)*, the Supreme Court held that the even the innocent infringement cannot be condoned.

32. In the present case, *mala fide* being apparent and the defendant nos. 1 to 4 being aware of the plaintiff’s trade mark, they have no reason / justification to adopt  as part of device mark. The submission of Mr. Murali that the present Suit having been filed after a period of eight years and in view of the Section 33 (1) of the Act of 1999, which bars the filing of the petition after five years is also unsustainable. A coordinate bench of this Court in the case of *Pankaj Goel v. M/s. Dabur India FAO(OS) 82/2008* had held that in an event of passing off which is a recurring cause

of action and since delay is a defence in equity, the same would not be available to the defendant if its conduct is fraudulent. In the said case, it was also held that the so-called delay and concurrent use, if any, could not have been a ground for refusing interim injunction. The Apex Court has, in the case of *Midas Hygiene Industries Pvt. Ltd, v. Sudhir Bhatia, (2004) 3 SCC 90*; held that delay is inconsequential in a case of infringement/passing off, especially where the adoption is in bad faith.



33. This Court in the case of *M/s. Hindustan Pencils Private Limited v. M/s. India Stationary Products Co. & Anr. 1989 SCC OnLine Del 34* had differentiated between laches, inordinate delay and acquiescence; where it had stated that where the proprietor in knowledge of his rights knows that the infringer is ignorant of the same and encourages the infringer to commit actions which would violate its rights is stated to have acquiesced. It was also held that a mere failure to use, without some positive act of encouragement, is not enough to constitute a defence. A defendant who knowingly infringes the plaintiff's mark, can hardly complain if he is later sued, nor is a defendant who starts to infringe without searching the Trademarks register in any better position than if he had searched and so learnt of the plaintiff's mark. Acts of the proprietor done in ignorance of infringement, or even done without his own registration in mind will not amount to acquiescence. It was also held that the manufacturer of the genuine products may not be adversely affected by such sales and may not chose to approach the Court for a number of years, but as far as the general public is concerned, the sale of spurious goods results in the public


spending good money for bad things; the Court opined that it would be the general public which is being cheated. A person who is guilty of violating the law or infringing or usurping somebody else's right cannot claim to continue misuse of the usurped right. Acquiescence may mean an encouragement by the plaintiff to the defendant to use the impugned mark as if the plaintiff wanted the defendant to be under the belief that the former does not regard the action of the latter as being in violation of its rights. Moreover, there should be an express assent by the plaintiff to the defendant using the said mark in a way to encourage the defendants to continue with the business. In such a case, if the infringer acts upon an honest mistaken belief that it has not infringed the trade mark of the plaintiff and once the defendant has established business reputation the plaintiff turns around and brings an action for injunction, in such a case, the defendant would be entitled to raise the defence of acquiescence. Acquiescence may be a good defence even for the grant of permanent injunction because the defendant may legitimately contend that the encouragement by the plaintiff to the defendant for the use of the mark, tantamounted to abandonment of its rights in favour of the defendant and that over a period of time, the general public has accepted the goods by increasing the sale of defendant's product. The Court in that case cautioned however, that in such a scenario, it would be for the defendant to prove acquiescence by the plaintiff and that acquiescence cannot be inferred merely by the reason of fact that the plaintiff has not taken any action against the infringement of its rights. The Court had also taken into account that if the plaintiff is

not likely to accept the user of its mark by the defendant, despite of which the defendant continues to do the business by using the impugned mark, it does so at its own peril and that the continued user cannot be set up as a defence in such circumstances. Having noted the position of law, and it is the case of the plaintiff that it had come to know about the defendant Nos. 1 to 4 are using the mark UFO when the plaintiff came across the trade mark of Defendant No.1 published in the Trade Mark Journal in the year 2018 only. Even otherwise the plea of delay/ acquiescence is a mixed question of fact and law and can be decided after evidence is led by both the parties. It is also a settled law that at this stage the Court shall not conduct a mini trial as held in the judgment of this Court in the case of *Advance Magazine Publishers Inc. vs. Bombay Rayon Fashions Limited & Others 2017 SCC Online Del 10064*. *Prima facie* the submission of Mr. Murali is not appealing. The judgments relied upon by Mr. Murali in the case *Power Control Appliances (supra)*, *Ramdev Food Products (P) Ltd. (supra)* and *Ajanta Pharma (supra)* have no applicability being distinguishable on facts.

34. A plea was raised by Mr. Murali that the defendant Nos. 1 to 4 have proposed to register the impugned mark purely with the intention of using the same to manufacture and sell garments for kids under the age of fourteen years only and the same will not be detrimental to the mark of the plaintiff because the plaintiff has not sold a single garment in India till date. In this regard, Mr. Murali has relied upon the judgments of the Supreme Court in *Vishnudas Trading (supra)* and *Nandhini Deluxe (supra)*. The said

submission is unsustainable in the facts of this case as the plaintiff's mark is registered in class 25 under which the defendant Nos. 1 to 4 also propose to get their device mark registered. The plaintiff is also manufacturing clothes/garments for children as well as is being done by defendants Nos. 1 to 4. So, it is not a case where the defendant Nos. 1 to 4 propose to get trade mark registered with regard to clothes/garments different from that of the plaintiff's even though within the same class. The said judgments have no applicability in the facts of this case.

35. That apart, the plea of Mr. Murali that the brand of the defendants "Under Fourteen Only" has attained distinctiveness in the Indian market as there is no sales of the plaintiff's goods in India, though may be matter of record, but, the defendant Nos. 1 to 4 cannot use the abbreviation, of "*under fourteen only*"  in the manner it infringes the plaintiff mark "UFO". Having said that, it may be stated nothing precludes, the defendant Nos. 1 to 4 to use its mark, without , to obviate, infringing the plaintiff mark "UFO".

36. In view of my above discussion, the defendant Nos. 1 to 4, their directors, associates, affiliated companies, assignees in business, franchisees, licensees, distributors, dealers, stockists and agents are restrained from manufacturing, selling, supplying, offering for sale including through online platforms, exporting, importing, directly or indirectly dealing in children's clothes or any other goods bearing the impugned trade marks  and or any other trade mark/trade name/device/logo as may be identical with or deceptively similar to the Plaintiff's trade mark UFO amounting

to infringement of registered trade mark, dilution and passing off thereto till the final disposal of the Suit.

37. The application stands disposed of.

**V. KAMESWAR RAO, J**

**NOVEMBER 23, 2020/ak/jg**

