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

\+ **CS (OS) 2060/2013**

% ***Judgment Reserved on: 1st December, 2016***
Judgment Pronounced on: 24th December, 2016

M/s AZ Tech (India) & Anr. ..... Plaintiffs

Through : Ms. Pratibha M. Singh, Sr. Advocate with Mr. Sagar Chandra, Mr. Ankit Rastogi and Ms. Ishani Chandra, Advocates.

versus

M/s Intex Technologies (India) Ltd. & Anr.

..... Defendants

Through : Mr. Pravin Anand, Mr. Aditya Gupta and Mr. Utkarsh Srivastava, Advocates

CORAM:

HON'BLE MR. JUSTICE G.S.SISTANI

G.S.SISTANI, J.

I.A. No. 17138/2013 (under Order XXXIX Rule 1 & 2)

1. This is an application under Order XXXIX Rule 1 and 2 of the Code of Civil Procedure filed by the plaintiffs seeking an *ad interim* injunction against the defendants from using the trademark 'AQUA'. The present suit has been filed by the plaintiffs seeking permanent injunction, delivery up, production of accounts, damages etc.

2. The trademark involved in the present suit is the word mark 'Aqua' pertaining to mobile phones (*hereinafter the* '*suit mark*'). The pictoral representation of the mark/logo adopted by the parties is different, but is being used by the parties in respect of the same goods, i.e. mobile phones. During the pendency of the present suit, the defendants alleged

that the plaintiffs had themselves imitated the logo of the defendants mark, i.e. '  '. This led to filing of another suit, being ***Intex Technologies (India) Limited & Anr.* v. *Northern Lights Solution LLP & Ors.*, CS (OS) 2668/2015**, by the defendants herein. On 05.12.2016, the said suit was disposed of pursuant to a settlement between the parties whereby the defendants therein/plaintiffs herein had given an undertaking not to use the logo of the defendants herein. Needless to state that the undertaking was given without prejudice to the rights and contentions sought to be urged by the plaintiffs herein in the present suit.

3. The case of the plaintiffs is that the plaintiff no. 1, a sole proprietorship firm of one Mr. Arvind Kumar Adukia, and the plaintiff no. 2/ Peace Zone (HK) Ltd. are engaged in the business of manufacturing and marketing mobile phones in the name and style of 'Aqua' mobiles. Mr. Adukia now claims to be engaged in the said business as a partner of M/s Northern Lights Solutions LLP. Simply put, the plaintiff no. 2 is the manufacturer of mobile phones, while the plaintiff no. 1 is engaged in the importation and sale of the phones in India pursuant to a Mutual Trade Agreement dated 22.03.2009.

4. The plaintiffs claim to have been marketing and selling phones under the trademark 'Aqua' in India since 2009 and have also expanded into the market of phone accessories such as earphones, mobile chargers, USB cables and mobile batteries. The plaintiffs claim that the mark 'Aqua' was randomly coined and is an arbitrary mark in application to mobile phones and merits trademark protection.

5. As per the plaint, the product of the plaintiffs was launched in the year 2009 in India and was an instant hit amongst the general public. The plaintiffs claim its products have an edge over those of its competitors

being of a superior quality and economically priced. The success of the launch of its phones in India has further motivated the plaintiffs to venture into foreign markets including Hong Kong, China, Nigeria, Nepal, Bangladesh and United Arab Emirates. As on the date of institution of the present suit, the plaintiffs were offering 12 different models of mobile phones under the mark 'Aqua'; all ranging from the price of Rs. 999/- to Rs. 3999/-.

6. The plaintiffs further claim that their goods have acquired goodwill/reputation in India owing to their products being of superior quality, reliability, durability, high performance, etc. Further the plaintiff no. 1 has continuously made efforts to make the presence of their products felt in India. It is also averred that the mark of the plaintiffs have, due to years of investment and active marketing strategies not only through print media, but also through social media, interactive live advertisements, demonstrations, fairs and events, become a well reputed brand amongst the masses carrying vast goodwill and reputation. Accordingly, the mark 'Aqua' has amassed goodwill and reputation in India owing to continuous hard labour and investment put in by the plaintiff no. 1 over the period of 5 years from 2009.

7. The plaintiffs claim that in order to secure statutory protection of the mark, the plaintiff no. 2 has obtained registration of the mark in Hong Kong in the year 2012. Further the plaintiff no. 1 has applied for registration of the mark 'Aqua' in India on 23.12.2009, which is pending.

8. As per the plaint, the plaintiff no. 1 has also invested heavily in International Mobile Equipment Identity ('IMEI') numbers. The plaintiff no. 1 has purchased IMEI numbers from time to time in line

with its commitment to provide genuine and high quality products meeting and surpassing the standards of the industry.

9. It is the case of the plaintiffs that the defendants have been manufacturing and marketing mobile phones and accessories in the name and style of 'Intex'. The defendants in the year 2012, adopted an identical mark 'Aqua' and launched a range of mobile phones in the name 'Intex Aqua'. It is contended that the step was taken by the defendants keeping in view the huge success, brand value and with intent to exploit the goodwill of the mark of the plaintiffs. This act of the defendants creates an impression upon the general public that the plaintiffs have a connection or collaboration with the defendants or that the range of mobile phones under 'Intex Aqua' originate from the plaintiffs. The plaintiffs have also listed the mobile phones being sold under the mark by the defendants in paragraph 17 of the plaint. As per the list the defendants have launched or are intending to launch 13 models between the price range of Rs. 3,590/- to 21,900/-.

10. As per the plaint, the defendants have further marketed mobile phones under the mark 'Intex Aqua' which are deceptively similar not only in looks but also in features. To this end, the plaintiffs have made a comparative analysis between its mobile phone 'Aqua G200 Jazz' and 'Intex Aqua Marvel+' of the defendants.

11. It is contended by the plaintiffs that the defendants have wrongfully and fraudulently adopted the mark 'Aqua' in late 2012 in order to pass off their goods as those of the plaintiffs by confusing the unsuspecting general public. It is alleged that the defendants never marketed their phones under the mark 'Aqua' prior to the launch of the phones and have since the launch aggressively advertised the mark 'Intex Aqua' causing a confusion amongst the public causing wrongful loss and

diluting the goodwill of the plaintiffs.

12. The defendants, in their written statement, have raised the following objections:

a. None of the plaintiffs can claim exclusive rights over the trade mark 'Aqua' as the plaintiff no. 1 has represented before the Trade Marks Registry in India. This is in violation of Section 24 of the Trade Marks Act, 1999 and suppression of the Agreement dated 22.03.2009 from the Registry.

b. Similar deception has been played upon the Registrar of Trade Marks, Hong Kong where plaintiff no. 2 has professed exclusive rights.

c. The plaintiff no. 1 has made an incorrect representation before the Trade Marks Registry as it has never used the mark for the goods as described in the application.

d. The plaintiff has suppressed the fact that the Trade Marks Registry has objected to the mark of the plaintiff contending that the same is "*devoid of any distinctive character*" and is not capable of distinguishing the goods of the plaintiffs. The word 'Aqua' simply means 'water' and had been adopted/used by numerous persons.

e. The plaintiffs have failed to establish the user of the mark since 2009 by filing unimpeachable documentary evidence.

f. The plaintiffs have failed to detail its turnover and even otherwise the revenue generated by the defendants from their mark 'Intex Aqua' is substantially more than that of the plaintiffs.

g. The suit is not maintainable owing to added features including get-up, placement, colour combination and writing style in the mark of the defendants which make the goods of the parties completely distinguishable negating any possibility of confusion between the

marks of the parties.

h. The unlawful adoption of the pictoral representation of the mark/logo of the defendants, i.e. '  ', by the plaintiffs establishes their dishonest and illegal conduct. The same also amounts to an admission that even the plaintiffs know that the mark 'Aqua' is associated with the defendants only and not to the plaintiffs. Plaintiffs have admitted that their mark does not carry any reputation.

i. The plaintiffs have acquiesced to the use of the mark by the defendants as the present suit was filed after a delay of 14 months. The defendants had adopted the mark and launched products under the mark in the month of August, 2012 and have since then established tremendous sales. The plaintiffs waited for 14 months prior to instituting the present suit and therefore, have acquiesced to the use of the mark by the defendants.

13. As per the written statement, the defendants have submitted that the defendant company has been selling mobile phones under the name 'Intex' since a long period of time and have had tremendous success. The turnover of the defendant company has increased from Rs. 32 crores in 2001-02 to Rs. 1071 crores in the financial year 2012-13. The defendant has also been rated as one fastest growing information technology companies. Dataquest, which has been rating 200 fastest growing IT companies in India has also regularly included the defendants in its list. Further, the ranking of the defendants has improved from 108 to 84 in the last seven years. Additionally, the defendants have a network of 25,000 retailers, 45 exclusive stores in India with a portfolio of about 29 product groups and a range of 250 product items. The defendants also have 700 service centres.

14. The defendants have further averred that as their business picked up, as a natural expansion the defendants added several new products to its range and for the reason of easy identification introduced sub-names to their house mark 'Intex' including 'Cloud', 'Turbo', 'Victory', 'Neo', 'Pride', 'Hero', 'Nova', 'Aura', 'Brave', etc. and the sub-name 'Aqua' in the year 2012. The choice of the word 'Aqua' was inspired from the fact that due to advanced technological inputs in its mobile phones, the graphics and the picture quality of the phones are so crystal clear that it gives an impression that the screen is as clear as pure water.

15. As per the written statement, the defendants have, since the adoption of the mark 'Aqua' in August 2012, have been continuously and aggressively using the trademark 'Intex Aqua'. The defendants have already spent Rs. 27 crores in the advertisement of the brand and have also hired cine actor Mr. Farhan Akhtar for promoting the phones. The defendants have also sold phones under the mark 'Intex Aqua' for a value of more than Rs. 200 crores till the date of filing of the written statement.

16. The plaintiffs in their replication have repeated the averments made in the plaint. The plaintiffs have further substantiated their sales figures and advertisement expenditures. As per the replication, the plaintiff no. 1 has made sales of over Rs. 10 crores by selling the mobile phones under the brand 'Aqua' while plaintiff no. 2 has made sales of over US $ 5 million. The plaintiff no. 1 has also paid an amount of Rs. 1,41,98,931/- of VAT to the Delhi Government till the financial year 2013 for all mobile phones sold by it. It is submitted that both the plaintiffs have continuously marketed the phones under the mark 'Aqua' in India and abroad. The plaintiff no. 2 has advertised 'Aqua' mobiles in the magazine published by CIC Media and its website from

the year 2010 and continues to do so till date. The expenses incurred on the same alone are over Hong Kong $ 1,80,000/-. The plaintiff no. 1 has also continuously advertised in Indian magazines such as the 'Mobile Post' and 'Mobile Plaza'. The plaintiff no. 1 has also put up posters/standees, placed hoardings in popular market hubs, distributed brochures and other marketing merchandise in the distribution chain. The products of the plaintiffs have also gained coverage from various third party websites including 'Amar Ujala' and 'MobileDekho.com'. Further the products have also been continuously sold through online portals such as "naptol.com", "Ebay.in", "janglee.com", etc. Further, the defendants have relied upon a Google analytic report to show that the plaintiffs' website, i.e. www.aqua-mobiles.com, has been visited by users from 85 countries and from 25 states in India.

17. As per the replication, the plaintiffs have also sought to clearly show that the defendants had knowledge of the mark of the plaintiffs. To this end, the plaintiffs have stated that both the parties have sourced their CDMA+GSM Handsets from the same source, namely Jinshuo International Telecom Limited. The plaintiffs had launched the sourced phones under the model name 'R22' and 'R21'; while the defendants have also sourced similar products and marketed under the Model name 'Intex 5030'.

18. The submissions of Ms. Pratibha Singh, learned senior counsel for the plaintiffs/applicants, are on the following lines:

18.1. Learned senior counsel submits that the plaintiffs had adopted the mark 'Aqua' in respect of mobile phones in the year 2009 and have been continuously using the mark ever since. The mark of the plaintiffs have amassed tremendous goodwill amongst the general public, which has come to exclusively associate the mark with the products of the

plaintiffs. The defendants have adopted the identical mark as a sub-brand in the year 2012 in order to pass off the reputation of the plaintiffs, which has led to the filing of the present suit. Learned senior counsel submits that being the prior user of the mark, the plaintiffs are entitled to an interim injunction.

18.2. In order to fortify her submission that the mark has been continuously used by the plaintiffs, learned senior counsel has drawn the attention of this court to invoices placed on record. Invoices from 01.11.2009 onwards have been placed on record showing continuous sale of the products of the plaintiffs under the mark 'Aqua'. Learned senior counsel has further drawn our attention to the trademark application (bearing No. 1900562) filed by the plaintiff no. 1 with the Trade Marks Registry on 22.12.2009. Even in the said application, the user of the mark has been claimed since 01.04.2009. She submits that the mark has not been registered owing to it being opposed by the defendants herein. The plaintiff no. 2 has already secured registration in Hong Kong.

18.3. Learned counsel submits that there are no reasons for the defendants to adopt an identical mark as that of the plaintiffs. She also submits that the defendants cannot claim any goodwill in the mark after the filing of the present suit. She has relied upon the decision of a Division Bench of this Court in ***Century Traders* v. *Roshan Lal Duggar & Co.*, 1977 PTC (Suppl.) (1) 720 (Del) (DB)** (paragraph 12 and 14) to submit that it is not necessary for the mark to be used for a considerable length of time, even a single use with intention to continue using the mark would suffice; and the judgment of the Supreme Court in ***Satyam Infoway Ltd.* v. *Sifynet Solutions Pvt. Ltd.*, 2004 (28) PTC 566 (SC)** (paragraphs 12 and 29) to show that even if

the parties independently adopted the mark, prior use remains the ultimate test to ascertain which party is entitled debar the other from eating into its goodwill. She also relied upon ***Power Control Appliances and others*** **v.** ***Sumeet Machines Pvt. Ltd. and others*****, 1995 PTC 165 (SC)** (paragraph 44) to fortify her submissions that there cannot be two origins of the same mark.

18.4. In addition to the aforementioned sales invoices and trademarks applications, the plaintiffs have also relied upon import documents pertaining to the years 2010 to 2012; Facebook page of the plaintiffs created in 2010; domain name 'aqua-mobiles.com' having been created on 31.12.2010; receipt for development of mobile application; Mutual Trade Agreement dated 22.03.2009; video of 'Aqua M3510' uploaded on YouTube.com in 2011; and contracts entered/correspondences exchanged with third parties for supplying the products of the plaintiffs. Learned counsel submits that as of February, 2014, the plaintiff no. 1 has made sales of over Rs. 10 crores by selling the mobile phones under the brand 'Aqua' while plaintiff no. 2 has made sales of over US $ 5 million.

18.5. Learned senior counsel further submits that the plaintiffs have continuously advertised their products under the mark 'Aqua' as averred in its replication and mentioned in paragraph 16 aforegoing. It is also submitted that the mobile phones of the plaintiffs have also gained media coverage as with the launch of 'Aqua M3510', X6 and J07 by www.mobiledekho.com in 2011; article about the launch of 'Aqua W598' by Phone RPT India; coverage of the phones by amarujala.com in their article dated 27.01.2014; and coverage of the launch of 'Aqua 3G 512' by gadgets.ndtv.com.

18.6. Learned senior counsel concludes by saying that being the prior user

and having goodwill in the mark, the plaintiffs are entitled to an interim injunction against defendants.

19. Per contra, Mr. Anand, learned counsel for the defendants, submits that the plaintiffs are not entitled to any interim protection. He has made the following submissions:

19.1. Learned counsel submits that the plaintiffs have made contradictory and irreconcilable averments in their pleadings in this suit and CS (OS) 2668/2015. He has drawn the attention of this court to paragraph 26 of the plaint in this suit and juxtaposed it to paragraph 10 of the written statement of the plaintiff herein in CS (OS) 2668/2015. He submits that while the plaintiffs herein have averred that the defendants are passing off their goods as that of the plaintiffs in this suit, on the contrary, the plaintiffs have claimed reverse passing off in their written statement in CS (OS) 2668/2015. Counsel submits this alone disentitles the plaintiffs from injunctive relief.

19.2. The second submission of the learned counsel is that the plaintiffs have failed to establish goodwill in the mark as all the documents sought to be relied upon are false and fabricated documents. Mr. Anand submits that there is no averment in the pleadings claiming trans-border reputation. He has drawn the attention of this Court to discrepancies in the documents of the plaintiffs. It is submitted that the invoices placed on record cite only one address in Karol Bagh, Delhi and all are computer generated invoices. Further, out of 72 invoices placed on record, 65 invoices depict cash transactions which make no reference to the buyer. Even in respect of the buyers mentioned in the remaining 7 invoices, an independent investigator has deposed, by way of affidavit dated 16.04.2015, that none of the persons sell the goods of the plaintiffs. Learned counsel submits that the short retail invoices filed

by the plaintiffs are also of a dubious nature as an examination of the date and time of these invoices reveals an unusual pattern that all invoices pertain to alleged sales made within a short 'time slot', while the date of the invoices reveal that they are spread over several months.

19.3. Mr. Anand submits that the plaintiffs have made bald and unsubstantiated averments in their replication about sales of Rs. 10 crores of the plaintiff no. 1 and about US $ 5 million of the plaintiff no. 2. There is not even a single document to substantiate the sales figures, further there is not even a single invoice/bill to show generation of revenue by the plaintiff no. 2. On the contrary, the defendants have achieved sales of Rs. 1540 crores between April-July, 2015. He submits that expenditure by the plaintiff no. 2 on advertising in the magazine published by CIC Media has no bearing on the present suit as it has no circulation in India.

19.4. In respect of the remaining documents relied upon by the plaintiffs to show prior use, learned counsel submits that the import documents do not carry any reference to the mark 'Aqua'; mere creation of the domain name 'aqua-mobiles.com' does not confer any reputation or goodwill and it till date does not allow for purchase of the products of the plaintiffs and the plaintiffs have not given the number of visitors to the said domain; Mutual Trade Agreement dated 22.03.2009 does not establish any goodwill as the same is an agreement *inter se* the plaintiff no. 1 and 2; mere maintenance of a Facebook page does not establish sufficient goodwill for maintaining an action of passing off; the YouTube video sought to be relied upon has only 58 views, while the videos regarding Intex Aqua have more than 22,000 views; and the advertisements in amarujala.com and gadgets.ndtv.com have no bearing as the same are from the years 2014 and 2015, i.e. after the launch of

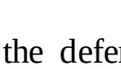
the goods of the defendants in 2012; the Google analytics report is not authentic. In respect of the trademark application filed in India, Mr. Anand submits that the same has no bearing on the present suit as mere filing of an application confers no rights in the mark.

19.5. In order to fortify his second submission, Mr. Anand has relied upon the judgments of the Supreme Court in ***Satyam Infoway*** **(Supra)** (paragraph 13) and ***Uniply Industries Ltd.*** **v.** ***Unicorn Plywood Pvt. Ltd.,*** **(2001) 5 SCC 95** (paragraph 8) to show that the volume of sales, extent of advertisement and familiarity amongst the public are relevant considerations in an action of passing off. Learned counsel has also relied upon ***Indian Hotels Company Ltd. & Anr.*** **v.** ***Jiva Institute of Vedic Science & Culture,*** **2008 (37) PTC 468 (Del) (DB)** (paragraph 33) in support of his submission that the plaintiffs must establish goodwill and reputation in the mark in addition to prior user.

19.6. Learned counsel also submits that the Registry has in its Examination Report questioned the capacity of the mark to distinguish the marks of the plaintiffs as being non-distinctive and further cited several marks prior to the mark of the plaintiffs which contain the word 'Aqua'. In respect of the registered mark with Hong Kong Registry, learned counsel submits that the plaintiffs have not claimed any trans-border reputation and even otherwise, the mark pertains to a logo with colour which has been abandoned by the plaintiffs themselves.

19.7. As an alternate submission, learned counsel submits that there is no possibility of any confusion between the products of the plaintiffs and the defendants. The defendants use the mark 'Intex', its house mark carrying immense reputation and goodwill as being used since 1996, along with the mark 'Aqua' on their products. This coupled with other added matter leaves no possibility of confusion between the goods of

the parties. Mr. Anand has relied upon the judgments in ***Kaviraj Pandit Durga Dutt Sharma* v. *Navaratna Pharmaceutical Laboratories*, AIR 1965 SC 980** (paragraph 28) and ***Star Bazaar Pvt. Ltd.* v. *Trent Ltd. & Anr.*, 2010 (43) PTC 154 (Del) (DB)** (paragraph 21).

19.8. Learned counsel next submits that the dishonest conduct of the plaintiffs disentitles them from the equitable relief of an injunction. Mr. Anand submits that the dishonest conduct of the plaintiffs can be established from the fact that they adopted a slavish copy of the logo of the defendants, i.e. '  ', which was the subject matter of the subsequent suit [CS (OS) 2668/2015] as mentioned in paragraph 2 aforegoing. The plaintiffs have also failed to inform as to any designer of the logo, which vindicates the stand of the defendants. Learned counsel submits that the plaintiffs have also made a wrong claim as to their service centres. The plaintiffs have provided a list of 104 service centres; out of which an investigation was carried out by the defendants in 31 service centres, none of which service the products of the plaintiffs. The plaintiffs have further failed to explain such conduct on their part. Mr. Anand has also drawn the attention of this Court to the packaging of the products of the plaintiffs, where they are wrongly using the ® symbol with the 'Aqua' trademark and logo. The plaintiffs have also stated that "*Aqua is a registered trademark*" upon the packaging of their products in violation of Section 107 of the Trade Marks Act, 1999. In support of his submission that any party acting dishonestly or misrepresenting to consumers is not entitled to the equitable relief of injunction, learned counsel has relied upon the decisions in ***Prina Chemical Works and others* v. *Sukhdayal and others*, ILR (1974) I Del 545**; ***Bile Bean Manufacturing Company* v. *Davidson*, (1906) 23 (31) RPC 725**; and ***Cropper Minerva Machines***

***Company Ld.* v. *Cropper, Charlton and Co. Ld.*, (1906) 23 (18) RPC 388** and also upon William Williamson Kerr, *A Treatise on the Law and Practice of Injunctions*, 6th Ed. (ed. John Melvin Paterson), Universal law Publishing.

19.9. Mr. Anand next submits that the balance of convenience is also in favour of the defendants owing to higher volume of sales and expenditure on advertisements. In this regard, counsel has submitted that if the defendants are restrained at this juncture and later succeed in the suit, the plaintiffs would not be in a position to compensate the defendants for the loss. At the time of filing of the suit, the defendants had sales of more than Rupees 200 crores, which has increased manifold and for the period April-July, 2015, the sales of the defendants are around Rupees 1540 crores while the advertising expenditure is 84 crores.

19.10. Learned counsel submits that the reliance on CA Certificate for deposition of VAT is misconceived as it merely provides the VAT deposited by the plaintiffs and does not pertain to 'Aqua' phones, but pertains to all the goods of the plaintiffs. It is further submitted that the explanation offered in respect of the invoices is not plausible and consequently, the invoices cannot be relied upon until the same are tested at trial. Mr. Anand submits that the allegation that defendants knew of plaintiffs' applications is misplaced as the said application was published on 04.05.2015 and opposed by the defendants on 10.08.2015. Learned counsel has also submitted that the Bill of Entry dated 18.01.2010 cannot be relied upon as the same mentions 'Aqya', and not 'Aqua', as a model number rather than the brand.

19.11. Learned counsel has submitted that the reliance placed upon M. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition*,

4th Ed., Thomson West is misplaced as reputation is required in order to establish secondary meaning. He further submits that the law is well settled by ***Satyam Infoway* (Supra)** and ***Uniply Industries Ltd.* (Supra)**, both of which pertain to arbitrary marks.

20. In her rejoinder arguments, Ms. Pratibha Singh, learned senior counsel, has sought to rebut the contentions by submitting on the following lines:

20.1. Ms. Singh has reiterated her submissions that being the prior user of the mark 'Aqua' and having established goodwill and reputation therein, the plaintiffs are entitled to an interim injunction against the defendants. She submits that the plaintiffs have been using the mark since 2009, while admittedly the defendants had adopted the identical mark in respect of identical goods in 2012 only.

20.2. Learned senior counsel has relied upon McCarthy (Supra) to show that words of common usage in language, but arbitrarily applied to goods and services in question in such a way that it is not descriptive or suggestive are distinctive and capable of trade mark protection. Ms. Singh further submits that the defendants having themselves applied for registration of the mark in Class 9 cannot dispute that the mark is common to trade or descriptive. In support of her submissions, learned senior counsel has relied upon the decisions in ***Jiva Institute of Vedic Science & Culture* (Supra)** (paragraph 40) and ***Procter & Gamble Manufacturing (Tianjin) Co. Ltd. & Ors.* v. *Anchor Health & Beauty Care Pvt. Ltd.*, 2014 (59) PTC 421 (Del) (DB)** [paragraph 10 (xix)]. Further in respect of the mark having been adopted by numerous persons, as evidenced by the Search Report of the Trade Marks Registry, Ms. Singh has submitted that none of the marks specifically pertain to mobile phones and only few mention all goods contained in

Class 9. In this regard, she has relied upon the judgment of this Court in ***Sohan Lal Nem Chand Jain* v. *Trident Group*, 2012 (49) PTC 105 (Del)** (paragraph 72).

20.3. In reply to the argument of the learned counsel for the defendants pertaining to the veracity of the documents showing goodwill, Ms. Singh submits that the documents on record clearly establish a *prima facie* case of passing off. In respect of the time borne on the Invoices, learned senior counsel submits that this is owing to a feature in the software 'Tally', wherein the time of the computer when the invoices are printed comes on the invoice and when the invoices were printed to be filed in this suit, that time is being represented upon the invoices. It is also submitted that the import documents clearly establish the use of the mark in India, further the Bill of Entries dated 18.01.2010 and 28.06.2012 clearly bear the name 'Aqua'. Further the Facebook page, domain names, YouTube video, VAT Certificate of CA, advertisements and media coverage establish goodwill and use of the mark in India. Learned senior counsel has also drawn the attention of this Court to an Invoice dated 09.06.2011 of one Hazel Media for development of mobile applications for 'Aqua phones M3510 and V5'. She submits that the advertisements in amarujala.com and gadgets.ndtv.com were relied upon to show continuous use of the mark till 2015. In respect of the affidavit of the investigator dated 16.04.2015, she submits that the said investigation is sham and even otherwise, the same is a matter of trial and cannot be taken into consideration at this stage.

20.4. Learned senior counsel has next submitted that the added material is not sufficient to distinguish the goods of the parties to remove any likelihood of confusion. She submits that owing to triple identity, i.e. the marks of the parties are identical marks in respect of identical goods

which move through the identical trade channels, there is a clear likelihood of confusion. Learned counsel also submits that the presumption contained in Section 29 (3) of the Trade Marks Act, 1999 would also be applicable in favour of the plaintiffs herein.

20.5. The next argument of Ms. Singh is that the balance of convenience is also in favour of the plaintiffs. Learned senior counsel has again relied upon the judgment of this Court in ***Century Traders*** **(Supra)** to submit that the balance of convenience is also in favour of the plaintiffs as the continuous use of the mark by the defendants will cause irreparable harm and injury to the plaintiffs. In respect of the sales figures highlighted by the defendants, learned senior counsel submits that the law is well settled that only because the defendant is bigger, the same will not disentitle to a relief of injunction. To fortify her submissions, she relies upon paragraph 73 of ***Sohan Lal Nem Chand Jain*** **(Supra)**.

20.6. Last submission of Ms. Singh pertains to the use of the ® symbol by the plaintiffs without being the registered proprietor of the same. Learned senior counsel submits that the use does not disentitle the plaintiffs to an injunction in a passing off matter and further that the same is a *bona fide* mistake. In support of her submissions, Ms. Singh has relied upon the judgment in ***Indian Dental Works and Anr.*** **v.** ***K. Dhanakoti Naidu and Anr.,*** **AIR 1962 Mad 127** (paragraph 23), which has been followed in ***Gulfan Exporters*** **v.** ***Azad Bharat Tobacco Factory,*** **1989 All. L.J. 652** (paragraph 10).

21. I have heard the counsel for the parties and perused the pleadings, application and various documents on record. The arguments of the counsel for the plaintiffs/ applicants can be summarized as under:

a. The plaintiffs have adopted the mark 'Aqua' in the year 2009 in respect of mobile phones and its accessories and have through

extensive sales and marketing amassed goodwill in the mark.

b. Plaintiffs have also sought registration of the mark 'Aqua' in India and Hong Kong. They have secured registration in Hong Kong in the year 2012; while their application with the Indian Trade Marks Registry remains pending.

c. It is the case of the plaintiffs, that the defendants had adopted an identical mark in respect of identical goods in the year 2012 in order to free ride upon the goodwill of the plaintiffs.

d. The defendants have by aggressive advertisement and marketing overwhelmed the market and attained much greater sales than the plaintiffs.

e. Passing off is established by triple identity, i.e. the defendants have adopted an identical mark, in respect of identical goods involving identical trade channels.

f. Being the prior user and having established goodwill in the mark, the plaintiffs are entitled to an interim injunction, otherwise they shall be put to irreparable loss.

22. The argument of the non-applicants/defendants is on the following lines:

a. The defendants have been marketing mobile phones under the mark 'Intex' and as the business expanded, they introduced multiple sub-brands including 'Aqua' in the year 2012.

b. Adoption of the mark 'Aqua' was *bona fide* as the same represented the quality of the screen of the products of the defendants.

c. Plaintiffs have made contradictory and irreconcilable averments in pleadings which disentitles them from injunctive relief.

d. The mark of the plaintiffs 'Aqua' is incapable of distinguishing the goods of the plaintiffs and therefore not entitled to trademark

protection. Even otherwise, the same cannot be protected as being a descriptive mark, the plaintiffs must show that the same has acquired a secondary meaning which they have failed to establish.

e. Documents filed on record by the plaintiffs are of a dubious nature and cannot be relied upon without being tested at trial to establish goodwill or prior use of the mark. Consequently, the plaintiffs have failed to establish a *prima facie* case of passing off.

f. The use of the mark by the defendants is along with added material which does not leave any likelihood of confusion.

g. The dishonest conduct of the plaintiffs disentitles them from seeking an injunction which is a relief in equity.

h. Owing to greater sales volume and substantially higher advertisement expenditure, the balance of convenience is also in favour of the defendants.

23. Since the submissions of the parties are multiple and diverse, I deem it appropriate to deal with them under separate heads.

WORD 'AQUA' AS A TRADEMARK

24. The first contention which requires consideration of this Court is as to whether the mark 'Aqua' is entitled to trademark protection when applied to mobile phones and their accessories?

25. Learned senior counsel for the plaintiffs has argued that the mark is arbitrary in its application to mobile phones and accordingly, is inherently distinctive being entitled to the highest degree of trademark protection. Further Ms. Singh has stated that the defendants having claimed proprietary right in the mark themselves, cannot question the same at this stage. On the contrary, learned counsel for the defendants has contended that the word being a common English word is not

capable of distinguishing the goods of the plaintiffs. He additionally contended that the mark being a descriptive mark, the plaintiffs must show that it has acquired a secondary meaning for seeking protection before this Court.

26. Marks are generally classified into five categories of increasing distinctiveness, these are (1) generic; (2) descriptive; (3) suggestive; (4) arbitrary; or (5) fanciful. This classification was initially set out by the 2nd Circuit Court in United States in ***Abercrombie & Fitch Co.* v. *Hunting World, Inc.*, 537 F. 2d 4, 9 (2nd Cir. 1976)** with only 4 categories as arbitrary and fanciful regarded as one class. Later Justice White in ***Two Pesos, Inc.* v. *Taco Cabana, Inc.*, 505 US 763** explained the categories as under:

> "*A trademark is defined in 15 U. S. C. §1127 as including "any word, name, symbol, or device or any combination thereof" used by any person "to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown." In order to be registered, a mark must be capable of distinguishing the applicant's goods from those of others. § 1052. Marks are often classified in categories of generally increasing distinctiveness; following the classic formulation set out by Judge Friendly, they may be (1) generic; (2) descriptive; (3) suggestive; (4) arbitrary; or (5)fanciful. ...The latter three categories of marks, because their intrinsic nature serves to identify a particular source of a product, are deemed inherently distinctive and are entitled to protection. In contrast, generic marks-those that "refe[r] to the genus of which the particular product is a species," Park 'N Fly, Inc. v. Dollar Park & Fly, Inc., 469 U.S.189, 194 (1985), citing Abercrombie & Fitch, supra, at 9-are not registrable as trademarks. Park 'N Fly, supra, at 194.*
>
> *Marks which are merely descriptive of a product are not inherently distinctive. When used to describe a product, they do not inherently identify a particular source, and hence cannot be protected. However, descriptive marks may acquire*

the distinctiveness which will allow them to be protected under the Act. Section 2 of the Lanham Act provides that a descriptive mark that otherwise could not be registered under the Act may be registered if it "has become distinctive of the applicant's goods in commerce.". ... This acquired distinctiveness is generally called "secondary meaning." See ibid.; Inwood Laboratories, supra, at 851, n. 11; Kellogg Co. v. National Biscuit Co., 305 U. S. 111, 118 (1938). The concept of secondary meaning has been applied to actions under §43(a). See, e. g., University of Georgia Athletic Assn. v. Laite,756 F. 2d 1535 (CAll 1985); Thompson Medical Co. v. Pfizer Inc., supra.

The general rule regarding distinctiveness is clear: An identifying mark is distinctive and capable of being protected if it either (1) is inherently distinctive or (2) has acquired distinctiveness through secondary meaning. ..."

(Emphasis Supplied)

27. The aforegoing categorisation has been accepted by a coordinate bench of this court in ***Evergreen Sweet House* v. *Ever Green and Ors.*, 2008 (38) PTC 325 (Del)** (paragraph 14) wherein it was held that the mark 'Evergreen' in its application to sweets and confections is an arbitrary one and accordingly is entitled to protection. Similar classification has been given in McCarthy (Supra) and sought to be relied upon by the counsel for the plaintiffs.

28. Now what remains to be seen is as to which category the mark 'Aqua' falls? The word 'Aqua' has Latin origins and means water [See *Black's Law Dictionary*, 9th Ed. (ed. Bryan A. Garner), West]. Water does not readily conjure up the image of mobile phones or describe its features and is as such an arbitrary mark in its application to mobile phones. Therefore, it is inherently distinctive, i.e. capable of distinguishing the goods of the plaintiffs and there is no need to show an acquired secondary meaning.

29. The reliance placed by the Mr. Anand on ***Satyam Infoway* (Supra)** and ***Uniply Industries Ltd.* (Supra)** is misplaced as in ***Satyam Infoway* (Supra)**, the mark in question was 'sify' which was held to be a coined word/ fanciful mark; while in ***Uniply Industries Ltd.* (Supra)** there is no discussion of secondary meaning or inherently distinctive marks.

30. The learned counsel for the defendants has also relied upon the Search Report of the Trade Mark Registry mentioning numerous persons using the mark 'Aqua' in respect of goods in Class 9, to show that the mark is common to trade and consequentially not capable of protection. Rebutting the same, Ms. Singh had argued that none of the marks pertain to mobile phones specifically and there are only a few which refer to all goods under class 9.

31. Similar arguments were made in ***Sohan Lal Nem Chand Jain* (Supra)**, where this very Court had come to the following conclusion:

> "*52.* [sic: 72.] *A mere filing of the search report from the trademarks office does not prove as to whether the marks mentioned in the search report have actually been used or not. It is necessary for the party who relies upon the marks of third party to produce cogent and clear evidence of user in order to prove the defence of "common marks to the trade" on the basis of the third party user. Hence, in the absence of valid and cogent evidence, the submission of the defendants cannot be accepted.*"
>
> (Emphasis Supplied)

32. The same view has been held by this Court in ***Novartis AG* v. *Crest Pharma Pvt. Ltd. and Anr.*, 2009 (41) PTC 57 (Del)** (paragraph 33); ***Pearl Retail Solutions Pvt. Ltd.* v. *Pearl Education Society*, 2014 (58) PTC 26 (Del)** (paragraph 19) and ***Sanofi India Ltd.* v. *Universal Neutraceuticals Pvt. Ltd.* 2014 (60) PTC 593 (Del)** (paragraph 38). Accordingly, this argument of the defendants must be rejected.

33. It may also be noticed that the defendants have also claimed proprietary

rights in the mark themselves, thus, they cannot be allowed to turn around and claim that the mark is not capable of distinguishing the goods of the plaintiffs.

34. The defendants have themselves applied for registration of the word mark 'Aqua' in class 9 and 16 with the Indian Trade Marks Registry, being applications bearing nos. 2429526 and 2429525 respectively.

35. It has been repeatedly held that any person who himself claims proprietorship over a mark cannot later change his mind to say that the same is not distinctive and not entitled to trademark protection. In ***Automatic Electric Limited* v. *R.K. Dhawan*, (1999) 77 DLT 292: (1999) 19 PTC 81**, Dr. M.K. Sharma, J. had held as under:

> "*16. The defendants got their trade mark "DIMMER DOT" registered in Australia. The fact that the defendant itself has sought to claim trade proprietary right and monopoly in "DIMMER DOT", it does not lie in their mouth to say that the word "DIMMER" is a generic expression. …*"
>
> (Emphasis Supplied)

36. This principle has also been accepted by a division bench of this Court in ***Jiva Institute of Vedic Science & Culture* (Supra)**, wherein it was held that the appellants therein had "*itself applied for registration of the Jiva as a trade mark and cannot, therefore, argue that the mark is descriptive*" (paragraph 40). Both ***Automatic Electric Limited* (Supra)** and ***Jiva Institute of Vedic Science & Culture* (Supra)** have been accepted and followed in ***Procter & Gamble Manufacturing (Tianjin) Co. Ltd.* (Supra)**. Therefore, the defendants themselves having applied for registration of the mark cannot today contend that the mark is descriptive.

37. Accordingly, the first contention of the defendants must be rejected for three reasons; first, 'Aqua' being a arbitrary mark in its application to

mobile phones requires no proof of secondary meaning; second, mere filing of a search report without cogent and clear evidence of user cannot establish that the mark is common to trade; and third, as the defendants have themselves applied for registration of 'Aqua', they cannot be permitted to argue that the same is descriptive or not capable of distinguishing the goods of the plaintiffs at this juncture.

CONTRADICTORY PLEADINGS

38. Mr. Anand has contended that the plaintiffs have made contradictory and irreconcilable pleadings in their plaint in the present suit and their written statement in CS (OS) 2668/2015. I deem it appropriate to reproduce the two paragraphs sought to be relied upon by the learned counsel for the defendants.

39. Paragraph 26 of the plaint of the plaintiffs in the present suit reads as under:

> "*26. That the Defendants has* [sic: have] *not only adopted the mark of the Plaintiffs with respect to some goods being sold by the Plaintiffs and the same mark is being used as a tool to pass off its goods as that originating from the Plaintiffs or having a connection/collaboration with the Plaintiffs thereby creating confusion in the market by passing off their goods as if they were sold/marketed/manufactured under Plaintiff firm or by the Plaintiffs firm leading to causing wrongfull* [sic] *loss and injury to the Plaintiffs.*"

40. Paragraph 10 of the written statement of the plaintiffs herein in CS (OS) 2668/2015 reads as under:

> "*10. Assuming without admitting that the Plaintiffs have acquired any reputation in the 'aqua' logo on account of their alleged large sales and advertisements, it is most respectfully submitted that the Plaintiffs are still not entitled to use the mark 'AQUA' or the 'aqua' logo. It is stated that large sales and advertisements do not entitle a subsequent user*

to restrict a prior user. This is on account of the fact that the act of using the said marks by the Plaintiffs amounts to reverse passing off /reverse confusion which is also not permitted under law. It is submitted that 'aqua' logo is nothing but a representation of the word 'AQUA', of which the Defendants are the prior users. It is thus submitted that any alleged goodwill or reputation that the Plaintiffs might have acquired in the said representation of the word 'AQUA', does not entitle them to use the 'aqua' logo. This is due to the reason that on account of the Plaintiffs' use of the word 'AQUA' and 'aqua' logo the Defendants are suffering as they are losing the value of their trade mark, its product identity, it's source identifying function and control over it's goodwill and reputation. It is stated that the use of the mark 'AQUA' and 'aqua' logo by the Plaintiffs leads the consumers to believe that the Defendants' goods are those of the Plaintiffs as the Plaintiffs have allegedly with overwhelming advertising and promotion have overwhelmed the market place. As a consequence, the consumers might also believe that Defendants' goods are being passed off as the Plaintiffs' goods and thus the goodwill and reputation of the Defendants' in their mark 'AQUA' will be impaired."

(Emphasis Supplied)

Note: 'Plaintiffs' in the aforegoing paragraph refers to the defendants herein/Intex and 'Defendants' refers to the plaintiffs herein/AZ Tech.

41. The contention of the learned counsel for the defendants/ non-applicants is that the plaintiffs' averments in the aforequoted paragraphs are contrary and irreconcilable.

42. It has not been elaborated before this Court as to how the aforegoing paragraphs can be said to be contrary. Even otherwise, I am of the view that there is no contradiction in the pleadings of the plaintiffs herein. In paragraph 26 of the plaint in the present case, the plaintiffs have averred that the use of the mark 'Aqua' by the defendants causes confusion in the minds of the public as if the goods of the defendants

originate from the plaintiffs or are manufactured/marketed in association with the plaintiffs. In paragraph 10 of the written statement of the plaintiffs herein in CS (OS) 2668/2015, they have averred that the use of the mark by the defendants is itself unlawful and now they cannot claim any goodwill in the mark, as the original mark 'Aqua' remains that of the plaintiffs. It is in this background the plaintiffs herein have averred that the consumers might have an impression that they are passing off the goods of the defendants to show that loss is being caused to the plaintiffs. Accordingly, I am of the view that there is no contradiction in the pleadings of the plaintiffs in this suit and CS (OS) 2668/2015. Another reason, I cannot accept the argument of the learned counsel for the defendants is that paragraph 10 of the written statement of the plaintiffs herein in CS (OS) 2668/2015 begins with "*Assuming without admitting that the Plaintiffs have acquired any reputation in the 'aqua' logo on account of their alleged large sales and advertisements.*" Therefore, it cannot be said that the plaintiffs herein have accepted the goodwill of the defendants in the mark 'Aqua'.

PRIOR USE AND GOODWILL

43. It is settled law that in order to succeed in a case of passing off, the plaintiff must establish priority right over the defendants.

44. Learned senior counsel for the plaintiffs has argued that there are documents on record to *prima facie* establish goodwill and prior use of the mark to sustain a case of passing off. Mr. Anand has rebutted the said contention by stating that all the documents on record are false and fabricated and must be put to trial before they can be relied upon; additionally, he has submitted that small volume of sales and

advertisement are not capable of sustaining a case of passing off.

45. Learned counsel for the defendants had argued that all the invoices on record are computer generate invoices; out of the 72 invoices 65 are cash transactions and do not depict the names of the buyer; and the remaining 7 invoices mention names of sellers, who do not deal with the goods of the plaintiffs as is proved from the affidavit of the investigator dated 16.04.2015.

46. The said contentions cannot be accepted as merely by being cash sales or computer generated invoices has no bearing upon their veracity. In respect of the 7 sellers, the same cannot be looked into at this point as the same is a matter of trial.

47. Mr. Anand had also submitted the retail invoices are false and fabricated by drawing the attention of this Court to an anomaly in the date and time of the invoices. Learned senior counsel has clarified that the same was owing to a feature of the software 'Tally' which punched the time of printing of the invoice rather than the time of actual generation, thus, when duplicate copies were printed to be filed in the present suit, that time was recorded upon the invoices. In view of the clarification given by the learned senior counsel, I am of the view the invoices can be relied upon by the Court at this stage.

48. In addition to the invoices, the plaintiffs have relied upon import documents, Facebook page, registration of domain name 'www.aqua-mobiles.com' on 31.12.2010, invoice dated 09.06.2011 of one Hazel Media for development of mobile applications, mutual trade agreement dated 22.03.2009, YouTube video, trademark applications in India and Hong Kong, Google Analytics Report, advertisements, certificate of chartered accountant for payment of VAT and contracts entered and correspondences with third parties to establish prior use and goodwill in

the mark 'Aqua'.

49. Except the trademark applications and the mutual trade agreement dated 22.03.2009, I am of the opinion that the remaining documents *prima facie* establish the plaintiffs having been using the mark since 2009. It remains an admitted position that the defendants have started using the mark 'Aqua' as a sub-brand in the year 2012. Accordingly, the plaintiffs are a prior user of the mark.

50. Learned counsel for the defendants has also contended that the documents filed by the plaintiffs fail to establish sufficient volume of sales and advertisements in India to establish priority and familiarity in the minds of the public.

51. It is settled law that some amount of sales have to be shown in order to establish priority rights in a mark and at the same time mere casual, intermittent or experimental use may not be sufficient to gain rights in a mark. The High Court of Bombay in ***Consolidated Foods Corporation* v. *Brandon and Company Private Ltd.*, AIR 1965 Bom 35: 1964 (66) BomLR 612** after considering national and international decisions, at the time, held that:

> "*…To summarise, therefore, a trader acquires a right of property in a distinctive mark merely by using it upon or in connection with his goods irrespective of the length of such user and the extent of his trade. The trader who adopts such a mark is entitled to protection directly the article having assumed a vendible character is launched upon the market. As between two competitors who are each desirous of adopting such a mark, "it is, to use familiar language, entirely a question of who gets there first." Gaw Kan Lye v. Saw Kyone Saing AIR 1939 Ran 343. Registration under the statute does not confer any new right to the mark claimed or any greater right than what already existed at common law and at equity without registration. It does, however, facilitate a remedy which may be enforced and obtained throughout the State and it established the record of facts affecting the right to the*

mark. Registration itself does not create a trade mark. The trade mark exists independently of the registration which merely affords further protection under the statute. Common law rights are left wholly unaffected. Priority in adoption and use of a trade mark is superior to priority in registration.

…

…For the purpose of claiming such proprietorship, it is not necessary, as already stated, that the mark should have been used for considerable any length of time. As a matter of fact, a single actual use with intent to continue such use eo instanti confers a right to such mark as a trade mark. It is sufficient if the article with the mark upon it has actually become a vendible article in the market with intent on the part of the proprietor to continue its production and sales. It is not necessary that the goods should have acquired a reputation for quality under that mark. Actual use of the mark under such circumstances as showing an intention to adopt and use it as a trademark is the test rather than the extent or duration of the use. A mere casual, intermittent or experimental use may be insufficient to show an intention to adopt the mark as a trade mark for specific article or goods."

(Emphasis Supplied)

52. The judgment of the High Court of Bombay has been followed by the Division Bench of this Court in ***Century Traders*** **(Supra)** (paragraphs 11 and 12). Further in ***Satyam Infoway*** **(Supra)** the Supreme Court, while dealing with the question whether domain names could be subject to the normal legal norms of trademarks, had held as under:

"*12. The next question is would the principles of trade mark law and in particular those relating to passing off apply? An action for passing off, as the phrase "passing off" itself suggests, is to restrain the defendant from passing off its goods or services to the public as that of the plaintiff's. It is an action not only to preserve the reputation of the plaintiff but also to safeguard the public. The defendant must have sold its goods or offered its services in a manner which has deceived or would be likely to deceive the public into thinking that the defendant's goods or services are the plaintiff's. The action is normally available to the owner of a distinctive trademark and*

the person who, if the word or name is an invented one, invents and uses it. If two trade rivals claim to have individually invented the same mark, then the trader who is able to establish prior user will succeed. The question is, as has been aptly put, who gets these first? It is not essential for the plaintiff to prove long user to establish reputation in a passing off action. It would depend upon the volume of sales and extent of advertisement.

29. What is also important is that the respondent admittedly adopted the mark after the appellant. The appellant is the prior user and has the right to debar the respondent from eating into the goodwill it may have built up in connection with the name. "

(Emphasis Supplied)

53. Further the learned counsel for the defendants has relied upon the judgment of the Supreme Court in ***Uniply Industries Ltd.*** **(Supra)**, more particularly paragraph 8, which reads as under:

"*8. Some courts indicate that even prior small sales of goods with the mark are sufficient to establish priority, the test being to determine continuous prior user and the volume of sale or the degree of familiarity of the public with the mark. Bona fide test of marketing, promotional gifts and experimental sales in small volume may be sufficient to establish a continuous prior use of the mark. But on some other occasions courts have classified small sales volume as so small and inconsequential for priority purposes. Therefore, these facts will have to be thrashed out at the trial and at the stage of grant of temporary injunction a strong prima facie case will have to be established. It has also to be borne in mind whether the appellant had also honestly and concurrently used the trade marks or there are other special circumstances arising in the matter. The courts below have merely looked at what the prima facie case is and tried to decide the matter without considering the various other aspects arising in the matter. Therefore, we think, the appropriate order to be made is that injunction either in the favour of the appellant or against them or vice versa is not appropriate and the proceedings in the suit shall be conducted as expeditiously as possible or the Registrar under the Trade and Merchandise Marks Act, 1958*

may decide the matter which may govern the rights of the parties."

(Emphasis Supplied)

54. From the aforegoing judgments, it is clear that in an action of passing off, prior user remains the ultimate test. This is subject to one exception being that a mere casual, intermittent or experimental use may be insufficient to sustain an action of passing off. This is so as the intention to adopt the mark as a trade mark may not be established to sustain a priority claim. This is what led to the Supreme Court in ***Uniply Industries Ltd.*** **(Supra)** observing that "*on some other occasions courts have classified small sales volume as so small and inconsequential for priority purposes.*" Accordingly, for establishing priority at an interim stage it may not be necessary to show substantial sales or advertisements but, at the same time, sufficient enough for the courts to come to a strong *prima facie* opinion that there was a clear intention to adopt the mark for the particular goods.

55. Applying the aforegoing principles in the present case, after considering the contentions of the counsel for the defendants questioning the veracity of the documents, I am of the view that the following documents clearly establish the priority rights of the plaintiffs to adopt the mark in respect of mobile phones:

a. Invoices showing the sales of the mobile phones of the plaintiffs from 01.11.2009 onwards till the filing of the suit;

b. Bills of Entries (import documents) for the year 2012, which clearly mention the mark 'Aqua' of the plaintiffs;

c. Facebook page and the images featuring the phones of the plaintiffs of the year 2010;

d. Invoice dated 09.06.2011 of one Hazel Media for development of

mobile applications for 'Aqua phones M3510 and V5';

e. YouTube video uploaded on 12.06.2011 of the mobile phones of the plaintiffs, specifically 'Aqua M3510'

f. Supplier contracts with third parties for the products sold under the 'Aqua' mark;

g. Sponsorship of Milton Kotler Marketing Workshop held in Kathmandu, Nepal on 25.06.2011;

h. Coverage of the launch of mobile phones 'Aqua M3510, X6 and J07 Plus' on MobileDekho.com in 2011;

i. Article about 'Aqua Mobile W598' dated 12.05.2011 featured on Phone RPT India (india.phonerpt.com).

56. From the aforegoing documents, the intention of the plaintiffs to adopt the mark 'Aqua' in respect of mobile phones clearly stands established. The aforegoing documents cannot be said to denote inconsequential sales or advertising for a priority claim. Accordingly, I am of the view that they establish a strong *prima facie* case that the plaintiffs have been using the mark since the year 2009 and have established goodwill therein.

ADDED MATERIAL

57. The next contention to be seen is whether the added material in the mark can be said to be sufficient to dispel the likelihood of the confusion in the minds of the public?

58. In this regard, Mr. Anand has submitted that the mark 'Aqua' is used in conjunction with the house mark of the defendants, i.e. 'Intex', which holds tremendous reputation with the public. This along with other added matter dispels the likelihood of confusion.

59. The law is well-settled that in cases of passing off, unlike an action

based upon infringement of a registered trademark, the defendant can show that the added matter is sufficient to distinguish his goods. In ***Kaviraj Pandit Durga Dutt Sharma*** **(Supra)**, while highlighting the difference between an action of passing off and injunction, the Supreme Court had held as under:

> *28. The other ground of objection that the findings are inconsistent really proceeds on an error in appreciating the basic differences between the causes of action and right to relief in suits for passing off and for infringement of a registered trade mark and in equating the essentials of a passing off action with those in respect of an action complaining of an infringement of a registered trade mark. ... The finding in favour of the appellant to which the learned Counsel drew our attention was based upon dissimilarity of the packing in which the goods of the two parties were vended, the difference in the physical appearance of the two packets by reason of the variation in their colour and other features and their general get-up together with the circumstance that the name and address of the manufactory of the appellant was prominently displayed on his packets and these features were all set out for negativing the respondent's claim that the appellant had passed off his goods as those of the respondent. These matters which are of the essence of the cause of action for relief on the ground of passing off play but a limited role in an action for infringement of a registered trade mark by the registered proprietor who has a statutory right to that mark and who has a statutory remedy in the event of the use by another of that mark or a colourable limitation thereof. While an action for passing off is a Common Law remedy being in substance an action for deceit, that is, a passing off by a person of his own goods as those of another, that is not the gist of an action for infringement. The action for infringement is a statutory remedy conferred on the registered proprietor of a registered trade mark for the vindication of the exclusive right to the use of the trade mark in relation to those goods (Vide s. 21 of the Act). The use by the defendant of the trade mark of the plaintiff is not essential in an action for passing off, but is the sine qua non in the case of an action for infringement. No doubt, where the evidence in respect of passing off consists*

merely of the colourable use of a registered trade mark, the essential features of both the actions might coincide in the sense that what would be a colourable limitation of a trade mark in a passing off action would also be such in an action for infringement of the same trade mark. But there the correspondence between the two ceases. In an action for infringement, the plaintiff must, no doubt, make out that use of the defendant's mark is likely to deceive, but were the similarity between the plaintiff's and the defendant's mark is so close either visually, phonetically or otherwise and the court reaches the conclusion that there is an imitation, no further evidence is required to establish that the plaintiff's rights are violated. Expressed in another way, if the essential features of the trade mark of the plaintiff have been adopted by the defendant, the fact that the get-up, packing and other writing or marks on the goods or on the packets in which he offers his goods for sale show marked differences, or indicate clearly a trade origin different from that of the registered proprietor of the make would be immaterial; whereas in the case of passing off, the defendant may escape liability if he can show that the added matter is sufficient to distinguish his goods from those of the plaintiff."

(Emphasis Supplied)

60. Further in ***Star Bazaar Pvt. Ltd.*** **(Supra)**, a Division Bench of this Court while dealing with the passing off of the mark 'Star Bazaar', of which the appellant was the prior user of the mark, had come to the conclusion that the use of the word 'A Tata Enterprise' over 'Star Bazaar' by the respondents therein was sufficient to distinguish the stores of the parties.

61. In the present case, learned counsel for the defendants has primarily submitted that the use of the words 'Intex' in conjunction with 'Aqua' dispels the likelihood of confusion and consequently, no interim injunction should be granted.

62. I am of the view that the usage of the word 'Intex' may not be sufficient to dispel the likelihood of confusion especially when 'Aqua'

is being marketed as a separate sub-brand. This may even create an impression upon the public that the plaintiffs' business has been acquired by the defendants and consequently, is not sufficient to disentitle the defendants from an interim injunction. Learned counsel had also submitted that there is other added material, but has failed to substantiate on the same.

63. Another reason, I am unable to accept the contention of the learned counsel for the defendant is that the defendants have applied for the registration of the mark 'Aqua' unaccompanied by the word 'Intex' in Class 9 and 16 with the Trade Marks Registry which shows the clear intention of the defendants to use the mark in an isolated manner.

DISHONEST CONDUCT

64. The next submission of Mr. Anand is that the plaintiffs are not entitled to an injunction owing to their dishonest conduct. The argument is threefold: first, the adoption of the logo of the defendants, i.e. 'aqua'; second, false claim regarding service centres; and third, wrong usage of the symbol ® on their packaging.

65. In William Williamson Kerr (Supra), it has been stated that any trader using a deceptive trade mark or using the mark for the purposes of fraudulent trade disentitles himself to the equitable relief of injunction. While observing so, reliance was placed upon the judgment of the British Courts in ***Bile Bean Manufacturing Company*** **(Supra)** and ***Cropper Minerva Machines Company Ld.*** **(Supra)**.

66. In ***Bile Bean Manufacturing Company*** **(Supra)**, the Court of Session in Scotland had refused to interdict/injunct the respondents from using the mark 'Bile Beans' holding that the facts of the case revealed a "*gigantic and too successful fraud*." The drug manufacturer had

marketed medicines for biliousness as being originated from a discovery of a native Australian herb by one, Mr. Charles Forde, an eminent scientist; while the truth was that the complainers were marketing a medicine obtained from drug manufacturers in America. In this background, the court came to the conclusion that since the whole business of the complainers was based upon "*undiluted falsehood*" perpetrating a "*gigantic and too successful fraud*" upon the public, they were not entitled to protection of the courts.

67. In ***Cropper Minerva Machines Company Ld.*** **(Supra)**, the High Court of Justice (Chancery Division) was dealing with a case where the plaintiff was trying to advertise its platen printing machines as under a patent which had expired, even though they were the successors-in-interest of the firm which held the original patent. Yet the plaintiff were mentioning "*The old and original firm*" in their advertisements in order to mislead the public; this led to Justice Farwell to state that "*I think the Plaintiffs will do well to alter that advertisement before they come into this Court and attempt to obtain an Injunction against anybody else.*" The Court had gone on to appreciate the evidence in the suit and ultimately dismissed the action of passing off with costs, holding that the same was based on the "*flimsiest evidence*."

68. Learned counsel for the defendants has also relied upon the following paragraph of ***Prina Chemical Works*** **(Supra)**:

> "*It is well established that he who comes into equity must come with clean hands. This applies strongly to parties seeking relief against the infringement of trade marks or in passing off action and against unfair competition. <u>One seeking relief against the fraud of others must be free from fraud.</u> An exclusive privilege for deceiving the public is assuredly act one that a Court of Equity can be required to sanction. <u>Accordingly, it is essential that the plaintiff should not be in his trade mark or in his advertisements and business himself</u>*

guilty of any false or misleading misrepresentation; that if the plaintiff makes any material false statement in connection with the property, which he seeks to protect, he loses his right to the assistance of a Court of Equity; Thus, where any sample or liable claimed as a trade mark is so constructed or worded as to make or contain a distinct assertion which is false, no property can be claimed on it, or in other words the right to the exclusive use of it cannot be maintained.

The interference of the Court by injunction was founded purely on equitable principles. The plaintiff who in other respects would be entitled to obtain remedy against an infringer, may yet be deprived of his right by a reason of fraudulent statement contained in his own trade mark."

(Emphasis Supplied)

69. In the said case, the Division Bench of this Court was dealing with an appeal from an order of the Additional District Judge wherein this Court had come to the conclusion that the plaintiffs/respondents therein had themselves pirated the mark of their previous partner, who had remained so only for 16 days. This had led to the Court observing that "*there is no commercial proprietary right in the plaintiffs as they themselves appear to have been guilty of commercial piracy.*"

70. In ***Leather Cloth Company, Limited* v. *The American Leather Cloth Company, Limited*, 33 L. J. Ch. 199 (1863)**, Lord Westbury, while dealing with an appeal observed that the plaintiff's trademark and label contained numerous untrue representations or statement and held that the Courts may not grant injunction if the mark itself so worded to play a fraud upon the public. The decision has been upheld by the House of Lords [See 11 Eng. Rep. 1435 (1865)]. The relevant paragraphs of the judgment read as under:

"*The same things are necessary to constitute a title to relief in equity in the case of the infringement of the right to a trade mark, as in the case of the violation of any other right of property. But when the owner of a trade mark applies for an*

injunction to restrain the Defendant from injuring his property by making false representations to the public, it is essential that the Plaintiff should not in his trade mark, or in the business connected with it, be himself guilty of any false or misleading representation; for, if, the Plaintiff makes any material false statement in connection with the property he seeks to protect, he loses, and very justly, his right to claim the assistance of a Court of Equity.

…

It is true that a name or the style of a firm may by long usage become a mere trade mark, and cease to convey any representation as to the fact of the person who makes, or the place of manufacture; but where any symbol or label claimed as a trade mark is so constructed or worded as to make or contain a distinct assertion, which is false, I think no property can be claimed on it, or, in other words, the right to the exclusive use of it cannot be maintained.

To sell an article stamped with a false statement is, pro tanto, an imposition on the public, and therefore, in the case supposed, the Plaintiff and Defendant would be both in pari delicto. This is consistent with many decided cases."

(Emphasis Supplied)

71. From the aforegoing judgments, it is clear that injunction being a relief in equity can be denied to a party who is himself misrepresents to the public. This misrepresentation should be in the mark itself or by some other statement upon the packaging upon the goods by which the public is likely to get misled. This was the case in ***Bile Bean Manufacturing Company* (Supra)**, wherein the imaginary Charles Forde was the inventor of the said beans/ medicines; in ***Cropper Minerva Machines Company Ld.* (Supra)**, the representation was of an expired patent by referring to the term 'Cropper'; in ***Prina Chemical Works* (Supra)**, the plaintiffs were misrepresenting that they were the successors-in-interest of one, Haji Ehsan Elahi, while the Court had come to a conclusion that there was no assignment. Even in ***Leather Cloth Company, Limited* (Supra)**, the plaintiffs had themselves tried to impose upon their goods

as that they were of Crockett International Leather Cloth Company, that they were tanned when actually they were untanned and included in a patent which was subsisting. Accordingly, the Courts may deny the equitable relief of injunction if the person approaching the Court himself is guilty of misrepresenting to the public. Such misrepresentation must be such as to be contained in the mark itself, sought to be protected, or in the business connected with it.

72. Applying the aforegoing principles in the present matter, I am of the view that there is no misrepresentation which would disentitle the plaintiffs from the equitable relief of injunction. I must reject the submissions of the learned counsel for the defendants as firstly; copying 'aqua' cannot be said to be a fraud perpetrated upon the general public, especially when the stand of the plaintiffs remains that they are the lawful proprietors of the mark 'Aqua'; and secondly, the alleged mis-statement of service centres is a matter of trial and cannot be looked into at this point. Even otherwise, the same cannot be said to be of such nature to disentitle the plaintiffs of the equitable relief.

73. In respect of the unlawful use of the symbol ®, even the same cannot disentitle the plaintiffs from the equitable relief of injunction as the same would not amount to a misrepresentation in the mark itself or the business associated with it.

74. Even otherwise, the act of the plaintiffs is not of such a nature that would disentitle the plaintiffs for grant of interim relief on this ground alone. Similar question had arisen before the High Court of Madras in ***Indian Dental Works* (Supra)**, wherein the Court held as under:

> *(21) The question of wrongful user of the expression 'registered' in a trade mark when the mark had not been actually registered has come up for decision before English Courts. In In the matter of an application by William Bailey*

(Birmingham) Ltd., to register a trade mark and an opposition thereto by A. C. Gilbert Co., (1935) 52 R. P. C. 136, the question arose whether the fraudulent user of the expression "registered" disentitled a party who applied for registration of his trade mark to the relief of registration. It was laid down that decision that if the user was deliberately fraudulent it might have the effect of disentitling the party to registration. Where it is merely a blunder due to misapprehension that result would not follow.

(22) In re : Arthur Fairest Ltd's application, (1951) 68 RPC 197 to register a trade mark, the same question arose for consideration. Reference was made to three prior decisions on the subject, viz, Altman's application, (1904) 21 R. P. C. 753. Lyle and Kihahah's application. (1907) 24 RPC 261 and (1935) RPC 136. The observations of Farwell, J., in the last mentioned case to the following effect is also extracted.

> *"I have no doubt that it might be a very good ground for refusing an application of this kind if it turned out that the applicants had deliberately and with the intention of getting some advantage to themselves made use of the term 'registered' to which they were not entitled."*

After considering the evidence in that case the conclusion come to was that the user of the work "registered" was the result of an honest and stupid blunder and that no improper advantage was gained by such user.

(23) In George Key Ltd's trade mark 287, 597, (1954) 71 RPC 106, the following observations occur at page 113,

> *"I think, it is right that I should view the applicants' conduct as being the result of an honest mistake, which might easily be made by any person unfamiliar with trade mark law, and that the applicants should accordingly not be prejudiced either in the prosecution of their own application for registration or of their application to rectify the register."*

This observation was made with reference to improper use of the work "registered" in the trade mark of the applicants before the mark was actually registered. In Kerly on Trade Marks, 7th Edn. Page 714 and in the Law and Practice under the Trade Marks Act, 1940 by Venkateswaran at page 698, the

same opinion is expressed. There can be no doubt on the materials placed before me that the user of the word "registered" by the plaintiff's in their trade mark before 1948 was the result of an honest mistake and therefore the plaintiffs should not be visited with any penalty for such user of the word "registered" in their trade mark as the rule laid down in the English cases cited above should in my opinion apply to this country also."

(Emphasis Supplied)

75. The aforegoing judgment has been followed by the Allahabad High Court in ***Gulfan Exporters*** **(Supra)** wherein the Court had reversed the order of the Additional District Judge and granted interim injunction to the plaintiff therein. The Court held that the same does not amount to misrepresentation if the same is an honest mistake. Similarly in the present case, I am unable to hold this a ground to reject the application for the plaintiffs for interim injunction as it is open for them to show that the same was an honest mistake during trial.

BALANCE OF CONVENIENCE

76. The last aspect to be considered is in respect of balance of convenience. The argument of the learned counsel for the applicants is that being the prior user and having established goodwill in the mark, the balance of convenience shall be in their favour. On the other hand, the submissions of the defendants are premised upon having substantially higher sales and advertisement expenditure.

77. In ***Century Traders*** **(Supra)**, the Division Bench of this Court has held that the balance of convenience "*would obviously be in favour of the appellant who was admittedly the first user of the mark*." (paragraph 21)

78. A similar issue had cropped before the same Court in ***Sohan Lal Nem Chand Jain*** **(Supra)** where the defendants had resisted an injunction

by showing their overwhelming sales and advertisement expenditure, this Court had come to the following conclusion:

> "*73. Mr. Mishra has also labored very hard to convince this Court that the quality of defendants' product, its marketing and sale figures would show that they do not need to ride over the goodwill and reputation of the plaintiff. In comparison to the long, continuous and uninterrupted user of the plaintiff since the year 1965, the sale figures of the defendants howsoever impressive they may be cannot be a ground to refuse the injunction to the plaintiff. The big fish cannot be allowed to eat the small fish. The defendants cannot be permitted to dilute the trade mark of the plaintiff merely because it is stated that defendants has a large network and has obtained various export orders.*"
>
> (Emphasis Supplied)

79. Similarly in the present case, the sales and advertisement expenditure of the defendants, however impressive, cannot entitle them to seize the property of another. Accordingly, in light of ***Century Traders*** **(Supra)** and ***Sohan Lal Nem Chand Jain*** **(Supra)**, I am of the view that the balance of convenience is also in favour of the plaintiffs/applicants.

80. The other contentions raised in the pleadings have not been pressed.

81. The plaintiffs/applicants, having established a strong *prima facie* case for priority showing prior use and goodwill in the mark 'Aqua', are entitled to an interim injunction against the defendants.

82. Accordingly, defendants, their directors, officers, franchisees, agents, employees, servants, and/or any other person acting for and on their behalf are restrained from using the infringing trademark 'Aqua' or any other deceptively similar trademark in respect of mobile phones/cellular phones and their accessories, till the disposal of the suit. The order will come into force after a period of two weeks to enable the defendants to dispose off their current stocks.

83. I further clarify that all observations made in this order are in the

context of a *prima facie* view and nothing stated herein should be construed as a final expression of opinion on the merits of the dispute or the veracity of the documents in the present suit. Nothing stated herein should be read to prejudice the claims/contentions of the parties in the trial of the suit.

84. The application is disposed off.

G.S.SISTANI, J.

DECEMBER *24th*, 2016

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