

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

% **Pronounced on: 6th April, 2022**

+ **CS(COMM) 263/2020**

HTC CORPORATION

..... Plaintiff

Through: Mr. Hemant Singh, Ms. Mamta Jha, Mr. Waseem Shuaib Ahmed, Mr. Sambhav Jain, Mr. Abhijeet Rastogi and Mr. Abhishek Kumar, Advocates

Versus

MR. LV DEGAO & ORS.

..... Defendants

Through: Mr. J. Sai Deepak, Mr. G. Natraj, Mr. Avinash Sharma, Mr. R. Abhishek and Mr. Ankur Vyas, Advocates for D-1 to 4

Mr. S.K.Sharma, Advocate for D-6

Mohd. Bilal, Mr. Rahul Kumar and Ms.Akanksha Singh, Advocates for D-9

CORAM:

HON'BLE MS. JUSTICE ASHA MENON

ORDER





I.A. 5795/2020 (by the plaintiff u/O XXXIX R-1 & 2 CPC for interim injunction)

1. This order will dispose of the application [I.A.5795/2020] under Order XXXIX Rules 1 & 2 Code of Civil Procedure, 1908 (for short,

“CPC”) filed by the plaintiff along with the suit for declaration, permanent injunction, restraining infringement of trade mark, passing off, dilution, unfair competition, rendition of accounts/damages, delivery up etc.

2. The plaintiff is a company incorporated under the laws of Taiwan and claims to be a leading manufacturer of consumer electronic items, such as, smartphones, mobile phones, personal digital assistant (PDA) devices, virtual reality head-mounted displays, etc. The plaintiff was initially incorporated in the year 1997 as ‘High Tech Computer Corporation’, but gained popularity quickly as “HTC” and has been known as such since 1998. The plaintiff also used these alphabets for the first time in 1998 in relation to its product i.e., a phone named “HTC Kangaroo”. In 2008, the plaintiff formally changed its name to “HTC Corporation” reflecting the growing popularity of the “HTC” brand.



3. The plaintiff got the Trade Mark  registered in India in Class-9 on 12th May, 2006, vide Registration No.1451016 which was valid till 12th May, 2026. It has been doing business in India using the said Trade Mark  since 2007, though it had begun using it internationally since 2006. In 2008, the plaintiff also launched the first ever Android-based mobile phone under the trade mark /HTC Dream in India. It applied for and was granted registration of the Trade Mark  on 24th January, 2008 vide Registration No.1645578 in Class-

9 in India. On 24th November, 2011, the plaintiff applied for and was granted registration of its Trade Mark **HTC ONE** in Class 9 in India. On 7th March, 2014, the plaintiff obtained international registration for the Trade Mark **htc** in China in Class 9 vide Registration No.6481646 and on 21st March, 2015, in Class 8 vide Registration No.12262154.



4. The details of the registration in more than 90 jurisdictions across the world have been listed in para No.8 of the plaint, and in India, in para No.9 of the plaint, which are reproduced as under: -

TRADE MARK REGISTRATIONS – INTERNATIONAL

Sl. No.	Trade Mark	Registration No.	Registration Date	Class	Country
1.	htc	1220583	23/1/2008	9	Australia
2.	htc	829569715	28/1/2008	9	Brazil
3.	htc	6540975	4/12/2008	9	European Union
4.	htc	5226352	24/4/2009	9	Japan
5.	htc	1226215	21/3/2015	8	China
6.	htc	8020903	7/3/2014	9	China
7.	htc	3636164	09/06/2009	9	United States of America
8.	htc	393552	12/11/2009	9	Russia
9.	htc	T0800791B	23/1/2008	9	Singapore
10.	htc	106187	9/2/2011	9	United Arab Emirates
11.	htc	571980	22/1/2008	9	Switzerland
12.	htc	60914	28/8/2009	9	OAPI (African Intellectual Property Organization)
13.	htc	40-0846192	13/12/2010	9	Korea

14.	htc	8001302	27/12/2007	9	Malaysia
15.	htc	142900382	4/7/2009	9	Saudi Arabia
16.	htc	1323541	16/8/2009	9	Taiwan
17.	htc	2008/01202	27/12/2007	9	South Africa
18.	htc	TMA745326	13/8/2009	9	Canada


TRADE MARK REGISTRATIONS – INDIA

Trade Mark Registration No. and Date	Trade Mark	Class	Description of Goods	Renewal Status
1645578 24/1/2008		9	Mobile phones; video phones; smart phones; personal digital assistants; voice over internet protocol phones; camera phones; tablet computers; slim computers; ultra mobile personal computers; accessories for the above goods, namely, headset, headsets with wireless transmission function, synchronization cable, cradle, battery, AC adaptor, chargers, etc	Renewed and valid till 24/1/2028
1451016 12/5/2006		9	Mobile phones, video phones, smart phones, personal digital assistants (PDA); voice over internet protocol (VOIP)phones; camera phones; tablet computers; slim computer; ultra	Renewed and valid till 12/5/2026

			mobile personal computers (UMPC); accessories for the above goods, headset, bluetooth headset, synchronization cable, cradle, battery, AC adaptor, etc	
2239238 24/11/2011	HTC ONE	9	Mobile phones, smartphones, wireless phones, wireless devices, portable computers and personal digital assistants, computer hardware and software for mobile, portable and wireless devices; user interface software; computer hardware and software for user interfacing, telecommunications and telecommunications services; wireless modems; headsets, connection cables, cradles, mounts, power adaptors, chargers, remote controls, keyboards, microphones etc.	Renewed and valid till 24/11/2021

5. The plaintiff also claims to be the proprietor of various other registered **HTC/htc** formative Trade Marks in India, as reproduced as under: -

SL. No.	Trade Mark Registration No. and Date	Trade Mark	Class	Renewal Status
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1.	2215248 04/10/2011	HTC LISTEN	9, 35 & 38	Registered and valid till 04/10/2021
2.	2707246 27/03/2014	HTC ULTRAPIXEL	9	Registered and valid till 27/03/2024
3.	2528830 10/05/2013	HTC SENSE VOICE	9	Registered and valid till 10/05/2023
4.	2528834 10/05/2013	HTC SENSE TV	9	Registered and valid till 10/05/2023
5.	2528833 10/05/2013	HTC ZOE	9	Registered and valid till 10/05/2023
6.	2528832 10/05/2013	HTC BOOMSOUND	9	Registered and valid till 10/05/2023
7.	2528831 10/05/2013	HTC BLINKFEED	9	Registered and valid till 10/05/2023
8.	2707250 27/03/2014	HTC DOT VIEW	9	Registered and valid till 27/03/2024
9.	2795415 22/08/2014		9, 35, 37 & 42	Registered and valid till 22/08/2024
10.	3202653 05/03/2016	HTC 10	9	Registered and valid till 05/03/2026
11.	3073933 08/10/2015	HTC VIVE	9	Registered and valid till 08/10/2025
12.	4069361 28/01/2019	HTC WILDFIRE	9	Registered and valid till 28/01/2029

6. The defendant No.1/L V Degao is a Chinese individual and owner of the defendants No.2 to 4/Companies, namely, *Yongkang Geenew Imp & Exp Co., Ltd.* (defendant No.2), *Yongkang Xinshiji Hairdressing Tools Factory* (defendant No.3) and *Yongkang Xinji Hair Dressing Appliance Factory* (defendant No.4). The defendants No.2 to 4 are manufacturers of electric hair trimmers, hair clippers and hair dryers bearing identical infringing Trade Mark **HTC**/HTC in China and exporting/supplying the same to the other defendants in India. These defendants are also selling their products not only through the defendants No.5 to 9, but also through Amazon India website.

7. The defendant No.1 is stated to have applied on 15th November, 2013 for registration of the Trade Mark **HTC** in Class 8, for grant of protection in India and since it escaped the notice of the plaintiff, such protection was actually granted. Thereafter, on 13th September, 2018, the defendant No.2 filed a Trade Mark application for the mark **HTC** in Class 11, which was opposed by the plaintiff. On 1st February, 2019, the defendant No.1 filed an application for the mark **HTC** in Class 8, which is lying under objection in the Trade Marks Registry.

8. On 25th April, 2019, the plaintiff opposed before the United States Patents and Trade Marks Office (“**USPTO**”) the US Application No.79248011 of the defendant No.2 for registration of the mark **HTC**. Since the defendant No.2 failed to respond to the opposition, the USPTO passed an order dated 7th August, 2019 recording abandonment of the application by the defendant No.2. Similarly, on 13th March, 2020, the defendant No.2 having failed to file its counter-statement to the notice of

opposition filed by the plaintiff to its application for registration of the mark **HTC**, the application was recorded as abandoned by the Trade Marks Registry in India. On 16th March, 2020, the plaintiff also filed a Cancellation Petition against the registration No.IRDI-2729578 in favour of the defendant No.1.

9. It is further pleaded that in August/September 2019, the German Customs Authorities had seized two consignments of the defendants' infringing **HTC** hair trimmers in Hamburg and they were prevented from entering in Germany. The plaintiff issued a 'Cease and Desist Notice' on coming across the products of the defendants, namely, electric hair trimmers, hair clippers and hair dryers under the plaintiff's trade mark **HTC** for online sale on Amazon India web portal. Despite the 'Cease and Desist Notice', the products of the defendants No.1 to 4 were still found available not only online, as listed by the defendants No.7 to 9, but also in the markets of Delhi, being sold by the defendants No.5 & 6.

10. In these circumstances, since the defendants had continued to persist on infringing the Trade Mark **HTC/HTC**, the suit had been filed and the interim relief claimed, for an injunction restraining the defendants, their directors, partners or proprietors, etc., from manufacturing, selling, supplying, offering for sale including through online platforms, exporting, importing, directly or indirectly dealing in hair trimmers, hair clippers, hair dryers or any other goods bearing the impugned Trade Marks and/or **HTC** or any other trade mark/device/logo as may be identical with or deceptively similar to the plaintiff's trade mark/trade name/**HTC**, amounting to infringement of registered trade

mark, dilution and passing off thereto, has also been sought.

ARGUMENTS

11. Mr. Hemant Singh, learned counsel for the plaintiff, submitted that this was a case where the copying has been blatant with a deliberate attempt being made to associate the goods of the defendants No.1 to 4 with those of the plaintiff. Learned counsel explained that through Amazon, while displaying the goods of the defendants No.1 to 4, links have been given, which upon clicking would take the person to the site of the plaintiff (at pages 47 to 49 of the plaint). It was submitted that if the intentions of the defendants No.1 to 4 were clean and honest, there would have been no need to provide such a link. It was submitted that after the 'Cease and Desist Notice' was sent to the defendants No.1 to 4 and when they did not stop vending their products on the E-commerce platforms of Amazon, the plaintiff had sent a Legal Notice to Amazon, who thereafter, took it down in December. However, this resulted in Legal Notices being sent by the defendants No. 2 & 3 claiming that the Trade Mark **HTC** had been registered by the defendant No.1, who had authorized the defendants No.2 & 3 to produce hair trimmers, hair clippers and hair dryers with the said Trade Mark and therefore, the vending restored on their platform. In these circumstances, as a court direction was required, the suit was filed, while also applying for cancellation of the registration.

12. Learned counsel further submitted that the plaintiff was the "prior user" as it has been in India since 2007 whereas, the sales of the products of the defendants No.1 to 4 have been only since 2016, as reflected by 2-3

invoices that they had filed. Even their application for registration of the Trade Mark was made in 2012 i.e., subsequent to the user by the plaintiff. It was emphasized that the promotional expenses for **HTC** incurred by the plaintiff in 2010-11 was Rs.15.13 crores and which had steadily increased to Rs.131.78 crores in 2014-15. In 2012, the year in which the application was filed by the defendant No.1 for registration of its Trade Mark, the expenses incurred by the plaintiff was Rs.65.99 crores and which further increased to Rs.103.96 crores in 2013. The total sales of the plaintiff's goods under the Trade Mark **HTC** in the year 2010 in India was about USD 86.3 million and in 2012, it was 212.6 million, which rose to USD 288.8 million in 2015. Thus, even at the time when the defendant No.1 sought to register its Trade Mark, the plaintiff was well-established internationally and also **HTC** was a "well-known" and reputed Trade Mark in India. It had also been ranked as one of the world's most valuable brands by the Forbes Magazine and was ranked by Interbrand Magazine as the 98th most valuable brand in the world, with a brand valuation of USD 3.60 Billion.

13. The plaintiff had a worldwide following on social-media which reflected tremendous goodwill, popularity and reputation enjoyed by the plaintiff's Trade Mark **HTC/HTC**, both in India as well as internationally. Moreover, it has sponsored many sports events. As a result of these promotional activities, **HTC/HTC** had become the singular source identifier of the plaintiff's goods and services.

14. Learned counsel submitted that when there was dishonest use, then commonality of the product was not essential, and the plaintiff was

entitled to an injunction even though the goods of the defendants No.1 to 4 were different from those of the plaintiff. In any case, the plaintiff was entitled to be protected against passing off. Strength was drawn from the provisions of Section 29(2) and (4) of the Trade Marks Act, 1999 (for short, “**the T.M. Act**”) and Section 124 (5) of the T.M. Act to contend that the goods were connected in the course of trade as both the electrical and electronic appliances were usually sold in the same shop and there was similarity in the Trade Marks, which clearly disclosed infringement, while also resulting in passing off. Thus, registration by itself would not give any rights to the defendants No.1 to 4 to use the Trade Mark of the plaintiff unfairly, solely with the intention to get the benefit of the goodwill of the plaintiff.

15. Reliance has been placed by the learned counsel for the plaintiff on decisions in *S. Syed Mohideen vs. P. Sulochana Bai*, (2016) 2 Supreme Court Cases 683, *N.R. Dongre vs. Whirlpool Corporation*, 1996 PTC (16) SC, *T.V. Venugopal vs. Ushodaya Enterprises Ltd. & Another*, (2011) 4 SCC 85, *Larsen & Toubro Limited vs. Lachmi Narain Trades. & Ors.* 2008 (36) PTC 223 (Del.) (DB), *Stiefel Laboratories, Inc. & Anr. vs. Ajanta Pharma Ltd.* 2014 (59) PTC 24 [Del], *Kumar Electric Works vs. Anuj Electronics*, 1990 (10) PTC 26 (Del), *M/s. Jugmug Electric & Radio Co. vs. M/s. Telerad Pvt. Ltd.*, ILR (1979) I Delhi, *Ford Motor Company & Anr. vs. C.R. Borman & Anr.*, 2009 (39) PTC 76 (Del.) (DB), *Toyota Jidosha Kabushiki Kaisha vs. Prius Auto Industries Ltd. & Ors.*, 2018 (73) PTC 1[SC], *Trans Tyres India Pvt. Ltd. vs. Double Coin Holdings Ltd. & Anr.*, 2012 (49) PTC 209 (Del.) (DB), *Ishi Khosla vs.*

Anil Aggarwal and Anr., 2007 (34) PTC 370 (Del.), *Procter & Gamble Manufacturing (Tianjin) Co. Ltd. & Ors. vs. Anchor Health & Beauty Care Pvt. Ltd.*, 2014 (59) PTC 421 [Del] [DB], *Pankaj Goel vs. Dabur India Ltd.*, 2008 (38) PTC 49 (Del.) (DB), *National Bell Co. & Ors. vs. Metal Goods Mfg. Co. Ltd. & Anr.*, AIR 1971 SCC 898, *Bayerische Motoren Werke AG v. Om Balajee Automobile (India) Private Limited*, 2020(82)PTC 194(Del), *Bloomberg Finance LP v. Prafull Saklecha*, 2013 SCC OnLine Del 4159, *Sohan Lal Nem Chand Jain v. Trident Group & Ors.* 2012 (49) PTC 105 (Del), *Brahmos Aerospace v. FIIT JEE Ltd.* 2014 (58) PTC 90 (Del), *Timken Co. v. Timken Services Pvt. Ltd.* 2013 (55) PTC 568 (Del) and *Midas Hygiene Industries (P) Ltd. and Anr. Vs. Sudhir Bhatia and Ors.*, (2004) 3 Supreme Court Cases 90, in support of these submissions.

16. Mr. J. Sai Deepak, learned counsel for the defendants No.1 to 4, submitted that the products of the plaintiff and the defendants were very different, while the registration of the Trade Mark of the plaintiff was in Class 9 that of the defendant No.1 was in Class 8. The plaintiff manufactured computer and computing products whereas, the defendant No.1 was manufacturing only hair grooming products. It was submitted that there was no substitutability of the products even if they were to be sold in the same stores, as the customers would clearly differentiate between the products. There was nothing confusing in the product lines.

17. It was further argued that the plaintiff has not been able to explain how Section 29(2) and (4) of the T.M. Act could be pleaded together, particularly when the pleadings do not support these alternate pleas. It

was further submitted that in any case, these provisions of the T.M. Act were attracted only when the alleged infringer was himself having no registered Trade Mark whereas, in the present case, the defendant No.1 was the registered proprietor of the mark **HTC**. Under Section 31 of the T.M. Act, registration was *prima facie* evidence of validity and even under Section 28, the defendant No.1 had a right to use the Trade Mark even if it resembled the plaintiff's Trade Mark. It was further submitted that in order to determine the conflicting claims of the plaintiff and the defendant No.1, Section 28(3), Section 30(2)(e) and Section 124 of the T.M. Act have to be read together, which required the plaintiff to discharge a higher burden even at the interim stage to establish "equities" in its favour. The rights protected under Section 28 of the T.M. Act was subject to all other provisions of the Act and therefore, the rights that vested in defendant No.1 would act as a limitation on the plaintiff's rights.

18. It was submitted that for the last six years, the plaintiff had taken no steps to question the validity of the Trade Mark of the defendant No.1 and had chosen to file the challenge in the form of a Cancellation Petition just prior to the filing of the suit. Since that matter was still pending, as on date, both, the plaintiff as well as defendant No.1, had registered Trade Marks in their favour and therefore, against each other, even in respect of identical or similar marks or products, they were at par.

19. In any case, it was urged, that in the light of the application for cancellation, the suit had to be stayed under Section 124 of the T.M. Act. Though the court could issue interim directions under Section 124(5) of

the T.M. Act, the plaintiff must necessarily show on a *prima facie* basis that the registration itself was invalid and that there was an infringement, but the plaintiff had failed to point out *prima facie* that the Trade Mark registered in the name of the defendant No.1 was invalid. Therefore too, no interim directions ought to be issued against the defendants No.1 to 4.

20. It was the further submission of the learned counsel for the defendants No.1 to 4 that it is not the case of the plaintiff that it was producing hair trimmers or hair clippers. Under Section 34 the T.M. Act, it would be the defendants No.1 to 4 who would be considered as “prior user” in respect of these products in Class 8. Since the Trade Mark of the plaintiff was registered in respect of Class 9, the registration could not have been refused. Therefore, the defendant No.1 could not be prevented from using his registered Trade Mark.

21. Learned counsel submitted that Section 29(1) of the T.M. Act was not attracted as the goods were not comparable, allied or cognate. Section 29(2) (a) (b) and (c) refers to three different situations, which were also not applicable here since the goods were neither similar nor identical, though there may be identity and similarity in the Trade Mark. Therefore, the presumption available under Section 29(3) of the T.M. Act was not available in the present case. As regards Section 29(4) of the T.M. Act, the learned counsel submitted that the clauses were to be read conjunctively i.e., that the goods are dissimilar, that the plaintiff’s Trade Mark had “reputation” and that the defendant was using the same ‘without due cause’. According to him, the plaintiff had not established any “reputation” in India. Moreover, since the defendant No.1 was the

registered proprietor of his Trade Mark, his use of the same could not be described as 'without due cause'. Thus, since the conjunctive requirements of Section 29(4) of the T.M. Act have not been met, no case under Section 29(4) of the T.M. Act was also made out.

22. Learned counsel stressed on the difference between the words, "reputation", "goodwill" and "well-known", since they were all specifically defined. It was submitted that under Section 29(4) of the T.M. Act, the plaintiff has to establish not mere "reputation", but "well-known reputation" in India, which was certainly a higher standard. Under Section 11(2) of the T.M. Act, only when an existing Trade Mark was "well-known" that registration would be refused. Had the plaintiff's Trade Mark been so "well-known", it would have been natural for the Trade Mark Registry to have refused the registration of the defendant No.1. But, since it was allowed, a *prima facie* conclusion would have been reached by the Registrar that the plaintiff's Trade Mark was not so "well-known" and there was no "distinctiveness" or "reputation" of the plaintiff's Trade Mark that the defendant No.1 was taking benefit of.

23. Since the plaintiff was required to prove the "well-known reputation" and "distinctiveness", a trial was essential and there was no reason to grant any interim relief without such proof and on a presumption. Further, as an application was required under Rule 124 of the Trade Marks Rules, 2017, on the basis of which the Registrar would determine whether a mark was "well-known" or not under Section 11(6), this again was a matter of trial. It was also argued, relying on the decisions in *Ford Motor (supra)* and in *Technova Tapes (India) Pvt. Ltd*

v. Technova Imaging Systems (P) in O.S.A.No.59 of 2017 and CMP.No.4967 of 2017 [Order dated 13th March, 2019 of Madras High Court] that there was consistency of thought that although Section 29(4) uses the word “reputation”, it actually meant “well-known” Trade Mark, and the two words connote different things.

24. With regard to the judgments relied upon by the plaintiff to seek interim relief, learned counsel for the defendants No.1 to 4 submitted that in these cases, except *Bloomberg (supra)*, none of the defendants had a registered Trade Mark in their names whereas, in the present case, the defendant No.1 had a registered Trade Mark and that too, in a different class. Further reliance has been placed on *Nandhini Deluxe v. Karnataka Coop. Milk Producers Federation Ltd.*, (2018) 9 SCC 183 to submit that even if the name was the same, if the products were different and could be easily differentiated, there would be no confusion arising and no injunction could be granted. It was submitted that since all other judgments relied upon by the plaintiff preceded the judgment in *Nandhini Deluxe (supra)*, therefore, this Court ought to follow the judgment of the Supreme Court in *Nandhini Deluxe (supra)*.

25. The decision in *Bloomberg (supra)* was distinguished on the ground that the plaintiff here, by inaction had allowed the defendant No.1 to operate for seven long years whereas, in *Bloomberg (supra)*, immediate action was taken to restrain the *mala fide* use of the Plaintiff's registered trade mark 'BLOOMBERG'.

26. Further reliance has been placed on the judgment in *Vishnudas*

Kishandas v. Vazir Sultan Tobacco Co. Ltd., Hyderabad and Ors., (1997) 4 SCC 201 to submit that when the registered proprietor was not using the Trade Mark for products other than cigarettes, it could not prevent others from using the said Trade Mark of “Charminar”, particularly after a lapse of almost 20 years. On the same basis, it was submitted that the defendant No.1 also had vested rights since the plaintiff had not used **HTC** or **HTC** for grooming products and raised no objection for the use of the same in sale of grooming products by the defendants No.1 to 4. Thus, in short, the learned counsel submitted that no case for infringement was made out.

27. Turning to the question of passing off, once again it was submitted that it was a question of trial as the plaintiff would have to establish that its registered Trade Mark was “well-known”. Having allowed the defendant No.1 to continue its manufacturing and sale of grooming products under the Trade Mark **HTC**, the equities were in favour of the defendant No.1. The absence of interim orders would cause no loss to the plaintiff inasmuch as they were not producing goods in Class 9 and the defendants No.1 to 4 were not producing any goods in Class 8. There is no possibility of confusion. The plaintiff had no “goodwill” in respect of grooming products and the plaintiff having had no sales whatsoever in hair trimmers and grooming products could not claim to have built any “goodwill” in that area. The plaintiff had to also show that the name **HTC** was synonymous to its goods. Thus, there was no pleading to establish passing off. Finally, the learned counsel submitted that the defendants would give an assurance that they would not be producing any goods in

Class 9 or using the mark **HTC** for their products, but they would use their registered Trade Mark of **HTC**.

28. In rejoinder, Mr. Hemant Singh, learned counsel for the plaintiff, submitted that the plaintiff has in fact established a *prima facie* case of passing off and was clearly entitled for injunction. The plaintiff was required to establish “goodwill” and “reputation” in respect of its Trade Mark and not in respect of the goods that were traded under that Trade Mark and therefore, it was immaterial whether the goods were different. The brand was important only as a “source identifier” and as an assurance to quality. Therefore, irrespective of the identity of the goods produced, in respect of which the Trade Mark was sought, if the plaintiff was able show that the defendant No.1 was using similar or identical marks to sell its products, it was sufficient for establishing passing off. Reliance has been placed on the judgment in *T.V. Venugopal (supra)*.

29. It was urged that on the basis of the volume of sales and expenditure on advertisement, etc., the plaintiff had also established the “goodwill” acquired by their Trade Mark even in 2012, though the defendant No.1 had started to use the Trade Mark only in 2014. The defendants No.1 to 4, on the other hand, had not discharged their onus of showing the volume of sales since 2014. Since the sales seem to be negligible, even as reflected by the small number of invoices relied upon by the defendants No.1 to 4, it did not catch the eye of the plaintiff and therefore, there is no delay in approaching the court.

30. It was next submitted that **HTC**, which really meant nothing, would

not have been randomly adopted by the defendant No.1. The products as advertised by the defendants No.1 to 4 are hair trimmers, straighteners, clippers, and to say that HTC stood for high-tech clippers, was reflective of dishonest adoption of the “well-known” brand of the plaintiff. There has been also no explanation why the defendants had hyperlinked their website with that of the plaintiff, except to mislead the prospective purchasers to believe that the products originated from the plaintiff. As regards the registration of the defendants’ Trade Mark, it was *ex facie* invalid under Section 11(3). It was argued that till registration existed, the provisions of Section 29(4) may not be attracted, but read with provisions of Section 28(1), 11(3), 124(5) at the interim stage, the plaintiff could claim protection. Finally, it was submitted that since this was not a case of honest concurrent use, the case of *Nandhini Deluxe (supra)* was not applicable here. The judgments relied upon by the learned counsel for the defendants have also been distinguished.

31. Relying on decisions in *Larsen and Toubro (supra)*, it was submitted that commonality of field of activity was no longer the law. It was submitted that since more companies manufactured multiple products, such as, in this case, i.e. computing products and grooming products, there was likelihood of confusion that the plaintiff was also producing not only mobile handsets, etc., but also hair-trimmers, etc.. These are sold in the same shops and e-commerce platforms and unsuspecting customers may draw an incorrect conclusion of origin. There was every likelihood of confusion even though the products were different. Thus, both for infringement as well as passing off, the plaintiff

was entitled to interim injunction.

32. The learned counsel further submitted that since the defendant No.1 has neither filed the written statement nor reply, a decree may be passed under Order VIII Rule 10 CPC against the defendant No.1. It was submitted that in the facts of the present suit, before the suit is stayed, injunction under Section 124(5) of the T.M. Act ought to be granted.

DISCUSSION

33. It is to be noted, at the outset, that in the present matter, before the filing of the suit, an application for rectification/cancellation has already been filed by the plaintiff on 16th March, 2020, which is pending. Under Section 124(1)(i) of the T.M. Act, the present suit has to be stayed pending final disposal of such rectification/cancellation proceedings. However, as pointed out by learned counsel for the plaintiff and rightly conceded to by the learned counsel for the defendants No.1 to 4, under Section 124(5) of the T.M. Act, the court is not precluded from making any interlocutory order, including any order granting an injunction directing accounts to be kept, appointing a Receiver or attaching property, during the period of the stay of the suit. Therefore, this Court will now proceed to consider whether the plaintiff has disclosed a case for an interlocutory order, namely, an injunction against the defendants restraining them from the use of the Trade Mark **HTC/HTC**.

34. That the registration of the Trade Mark in the name of the defendant No.1 is invalid, is a question that has been raised by the plaintiff in separate proceedings. If the registration is found to be invalid,

no doubt, the registration would be cancelled and the Register rectified. However, that does not fall within the ken of the civil courts which must await the decision of the IPAB (now the High Court IP Division) in the rectification proceedings. This is clear from the provisions of Section 124 of the T.M. Act. A Full Bench of this court in *Data Infosys Ltd. v. Infosys Technologies Ltd.*, 2016 SCC OnLine Del considered the scope of Section 124 of the T.M.Act and held as below: -

“51. This Full Bench therefore, in its unanimous opinion, holds that:

1. (a) IPAB has exclusive jurisdiction to consider and decide upon the merits of a plea of trademark registration invalidity - applying Section 47 and 57 of the Act-in the context of an infringement suit based on such registered trademark. Access to IPAB is not dependent on the civil court's prima facie assessment of tenability of a plea of invalidity of trademark registration. In other words, Section 124 of the Trademarks Act does not control the choice of a litigant to seek rectification of a registered trademark.

(b) The decision in Astrazeneca UK Ltd. v. Orchid Chemicals and Pharmaceuticals Ltd. 2007 (34) PTC 469 (DB) (Del) and all other judgments which hold that the plea of rectification can be raised by a party to an infringement suit, only if the court trying the suit, rules it to be prima facie tenable and that if such finding is not recorded, the party cannot avail the remedy of rectification of a registered trademark, is accordingly overruled.

2. This Court holds, by its majority judgment (Vipin Sanghi, J dissenting on this point) that the two situations whereby the infringement action is stayed, are when the rectification

proceedings are instituted before the filing of the suit (Section 124(1)(i)) and after the plea of invalidity is held to be prima facie tenable under Section 124(1)(ii)). In the first situation, if such plea exists, before the filing of the suit, the Court has to stay the suit to await the decision of the IPAB. In the second situation, if there is no application for rectification before the IPAB when the suit is filed and a party to the infringement suit, wishes to challenge it after the filing of the suit, it may do so, but the court has to assesses the tenability of the invalidity plea-if it finds it prima facie tenable, then and then alone, would it stay the suit to enable the party to approach the IPAB within a time period. If the party does not avail of this, or approaches the IPAB after the period given, the court would proceed with the suit; the plea of invalidity is deemed abandoned in the infringement suit.

3. The appeal is, accordingly remitted for consideration of the merits by the concerned roster Division Bench on 11.02.2016, subject to the orders of Hon'ble the Chief Justice.”

35. Thus, this suit has necessarily to be stayed. Nevertheless, the court needs to consider whether any interim order is required to be passed under Section 124(5) of the T.M.Act. The point to be noted is that in the present case, both Trade Marks have been registered. This is unlike in the several of the cases cited by both sides, where a registered proprietor was seeking relief against the defendants, who were yet to obtain registration or had applied for the same or involved situations where, having once been granted, the registration was cancelled at the time the suit was filed. Even in *Vishnudas Kishandas (supra)*, on which heavy reliance has been

placed by the learned counsel for the defendants, the Supreme Court underlined that it was not considering infringement but only rectification. In some of the cases while there was similarity of the Trade Marks, the nature of the goods were different and in others they were of the same kind, such as medicines. Ultimately, every case is to be decided on its own facts, though the tests laid down by the courts in the cases relied upon by both sides would no doubt be invaluable for deciding the questions as to whether there would be deception or confusion or an attempt at passing off or infringement of registered Trade Marks. In the present case, since both the Trade Marks are registered, all the facts would have to be considered holistically to determine whether or not the plaintiff is entitled to interim protection.

36. Before considering the cited case law, it may be useful to refer to the provisions of law. The rights conferred under Section 28 of the T.M. Act to the registered proprietor of a Trade Mark upon its registration, namely, the exclusive right to use it in relation to the goods and services in respect of which the Trade Mark is registered, is limited where there are two or more such registered proprietors, as they cannot claim exclusive use against each other, but have those rights against other persons. Concurrent registration of the same or similar Trade Mark by two or more persons is not *per se* barred under the Act. When a challenge is raised to the registration, ordinarily till the Register is rectified and such registration is cancelled, both the proprietors would be entitled to claim a right to its use.

37. On a plain reading, Section 29 of the T.M. Act, on which basis the

learned counsel for the plaintiff had sought the interim injunction relates to infringement of a registered Trade Mark by a person, who is not a proprietor of the registered Trade Mark or a permitted user of the registered Trade Mark. Although there is some force in the objection raised by learned counsel for the defendants that the plaintiff has presented a somewhat confused case by claiming applicability of Section 29(2) as also Section 29(4), in view of the arguments advanced by learned counsel for the plaintiff in rejoinder, this Court, for the purposes of the present application, considers the case as one set up by the plaintiff under Section 29(4) and not Section 29(2) of the T.M. Act. Section 29(4) reads as under: -

“29. Infringement of registered trade marks.—

(4) A registered trade mark is infringed by a person who, not being a registered proprietor or a person using by way of permitted use, uses in the course of trade, a mark which—

(a) is identical with or similar to the registered trade mark; and

(b) is used in relation to goods or services which are not similar to those for which the trade mark is registered; and

(c) the registered trade mark has a reputation in India and the use of the mark without due cause takes unfair advantage of or is detrimental to, the distinctive character or repute of the registered trade mark.”

38. Now, it is clear that the three requirements of Section 29(4) have to be met simultaneously. The conjunctive used is “and”. Thus, the trade mark must be “identical” with or similar to the registered trade mark and it should be used in relation to goods or services which are different from

those in respect of which the trade mark was registered and the registered trade mark must have a reputation in India; the use of the mark must also be without due cause; and takes unfair advantage of or is detrimental to the distinctive character or the repute of the registered trade mark.

39. But again, this Section is applicable only against a defendant, who does not have proprietorship in a registered Trade Mark. Would that mean that the court when faced with a situation as prevailing in the present case, would be helpless and would it also mean that the plaintiff could seek only protection against passing off. This Court is of the opinion that since Section 124 deals with a situation where the validity of the registration of the trade mark is being questioned and Section 124(5) empowers the court to pass interim injunction orders, it is only logical that even when there are two registered Trade Marks involved and the plaintiff seeks protection against the user of a similar or identical trade mark, which has been registered in the defendant's name, the court can consider not just the question of passing off, but also of infringement since Section 124 of the T.M. Act is in relation to a trade mark and not to mere passing off. That is why, where no rectification application has been filed, the civil court can determine the tenability of the plea of invalid registration. In other words, the court can consider the existence of a *prima facie* case on the same basis, to decide whether or not to grant interim orders of injunction, etc..

40. Thus, as a corollary, while determining the question of the existence of a "*prima facie* case" or "irreparable loss" or "balance of convenience", the court could seek some assistance from those provisions

in the T.M. Act which relate to the registration of the Trade Mark, providing for situations where two identical or similar Trade Marks may or may not be registered in view of the existence or absence of factors. These provisions are Section 9(2)(a), Section 11(2)(a) & (b), Section 11 (6), Section 11 (9) (i), Section 11 (9) (v), Section 11 (10) (ii), Section 12, Section 30 (1) (a), Section 32, Section 33 and Section 34 of the T.M. Act.

41. From these provisions, the following may be culled out:-

- (a) Two persons may have the same Trade Mark registered in their name: (i) for identical or (ii) similar or (iii) different goods.
- (b) Ordinarily if the two Trade Marks are validly registered, both the registered proprietors can use the Trade Marks to the exclusivity of third parties, but cannot assert their rights against each other.
- (c) However in certain situations, registration of the later Trade Mark may be refused registration or cancelled. These situations are: (i) when deception or confusion results, (ii) there is dishonest user, (iii) subsequent use without due cause, (iv) there is bad faith, or (v) dilution of the distinctiveness of a prior registered Trade Mark may occur.
- (d) Therefore, these factors would be relevant to decide whether the subsequent user/registered proprietor should be restrained from using his Trade Mark, even if it was registered.
- (e) Certain other aspects would also aid this determination, for

example, (i) whether user is only to indicate origin of the goods, (ii) the reputation of the Trade Mark, (iii) whether it is “well-known”, (iv) whether the prior user has established acquisition of distinctiveness, or (v) whether he had acquiesced in the latter’s user of the same Trade Mark and if so, to what effect.

42. We may now determine on the basis of the afore-mentioned factors, not necessarily sequentially, as to where the plaintiff stands.

43. It was submitted that ‘HTC’ stood for ‘**H**igh **T**ech **C**omputers’ manufactured and sold by the plaintiff since 2006, and over a period of time, when these became “popular” and “well-known” amongst the consumers, the company’s corporate name itself was changed to ‘HTC’, being the initial alphabets of ‘**H**igh **T**ech **C**omputers’. The name ‘HTC’ itself has thus gained immense recognition and popularity and indicates the origin of the products of the plaintiff. In contrast, is the lame explanation offered on behalf of the defendants that their HTC stood for High Tech Trimmers and Clippers, and that they have started use only in 2013, and are thus “subsequent user”. As rightly pointed out by the learned counsel for the plaintiff, these alphabets do not adequately stand for the products of the defendants, as it would then be “HTTC”. It is clear, whereas the plaintiff has a logical explanation for using random alphabets in their Trade Mark, which, in course of time, has acquired a distinctiveness leading to even a change in the corporate name, the defendants have none. The only inference that can be drawn is that the defendants sought to sail with the plaintiff’s “to gain unfair advantage”, and such adoption by the defendants of the plaintiff’s Trade Mark is

“without due cause”.

44. It is also more than evident that whereas the plaintiff has identified its goods through its registered Trade Mark, the defendants are not using it in the same manner. As noticed earlier, the plaintiff began with the name of High Tech Computers, but it was due to the quality of its products and the reputation it had built up that the Trade Mark of HTC became an indicator of the origin of the goods of the plaintiff, being directly relatable to their corporate name. In other words, the quality of the goods led to the reputation of the trade mark HTC, which thus became an indicator of the origin of the goods. The action of the defendants, on the other hand, has no valid explanation and under no circumstance, can be taken as indicative of the origin of the products of the defendants. In fact, their action is not in accordance with the honest practices in industrial or commercial matters and rather is an act clearly to take unfair advantage of the repute of the plaintiff's trade mark. No benefit can be claimed under Section 30(2)(e) of the T.M. Act, as the use permitted thereunder is governed by Section 30(1) (a)&(b) of the T.M. Act, which are not made out.

45. The dishonesty in the use of the Trade Mark **HTC/HTC** is also reflected from the fact that the defendants No.1 to 4 had hyperlinked their web-page with that of the plaintiff on the E-commerce portal of Amazon India, as mentioned at pages No. 47 to 49 of the plaint. The link provided to the website of the plaintiff in the advertisement of the defendants No.2 and 3 is as if, to indicate, a link to the plaintiff. There is no earthly reason for the defendants to have done such a thing. The only explanation is that

the defendants actually desired to dishonestly ride on the reputation of the plaintiff by using an identical Trade Mark. It is also to be noted that while the defendant No.1 is the proprietor of the trade mark **HTC**, in the advertisement as well as in the products of the defendants, it is the 'HTC' mark that was used, which is clearly a copy of the registered Trade Mark of the plaintiff. To now offer to use only its registered Trade Mark, is insufficient to exonerate this dishonesty of the defendants. By providing a link to the plaintiff's site from that of the defendants, their intent to blur the source and origin of the goods is established. Thus, no protection under Section 30 of the T.M. Act is available to the defendants for use of their registered Trade Mark.

46. In fact the lame explanation offered for the adoption of the random alphabets 'HTC' and the copying of the exact trade mark of the plaintiff, namely, **HTC/HTC**, *prima facie* discloses dishonest use and bad faith, writ large in the use and adoption of these Trade Marks by the defendants.

47. Though much has been said about the dissimilar nature of the products and that consumers would easily be able to distinguish between hair trimmers and clippers and computers/mobile phones, etc., and that not only infringement, but passing off was also not made out, this argument is without force. In ***ITC Limited vs. Philip Morris Products SA and Ors***, 2010 SCC OnLine Del 27 and ***M/s. Hindustan Pencils Pvt. Ltd. v. M/s. India Stationery Products Co. and Another***, 1989 SCC OnLine Del 34, the view taken by this court, was that the misleading indication of source as if of the registered proprietor of the Trade Mark, was sufficient

ground to injunct the use of a similar Trade Mark by the defendant. Though it is true that “Philips & Co.” produces both products i.e., computer products as well as grooming products, that fact situation cannot exclude the application of that decision to the facts of the present case, since it is common to find companies producing and marketing a large number of disparate products under a single registered Trade Mark. For a consumer of average intelligence and observation, it may not be difficult to believe that the hair grooming products of the defendants with the Trade Mark HTC and link to the website of the plaintiff, were actually being produced and marketed by the plaintiff. This being an act of deception and creation of confusion, is against even public interest.

48. Returning to the provisions of the T.M. Act, it is more than clear that were it a question before the Registrar of Trade Marks, the defendants would have not succeeded in getting that trade mark registered as apart from the identical nature of the trade marks, its adoption has been dishonest, against commercial practice and with an intent to cause confusion in the public that the products are originating from the same company. But since that is a question that would be appropriately considered in the rectification proceedings, suffice it to note that the *prima facie* existence of the factors that would negate the rights of the defendants would establish a *prima facie* case in favour of the plaintiff for an injunction even in respect of a registered trade mark, as in the present case. Though, an argument was advanced by the learned counsel for the defendants that under Section 29(4), the registered trade mark had to have a “well-known” reputation in India, this Court finds no reason to read into

Section 29(4), the need to have the plaintiff establish *prima facie*, that its registered Trade Mark is “well-known” as defined by Section 2(z)(g) of the T.M. Act, before protection is extended on the ground of the defendants’ passing off their goods as those of the plaintiff by adopting a similar or an identical trade mark for their goods.

49. In fact, in *Ashok Leyland Limited v. Blue Hills Logistics Pvt. Ltd. & Anr.*, 2011 (46) PTC 535 (Mad.), an exhaustive discussion has been made of what would constitute reputation as required under Section 29(4) of the T.M. Act. It was concluded, after referring to various judgments, including of the Supreme Court and the Delhi High Court, that “goodwill” and “reputation” cannot be held to be directly proportionate to the turnover or the net profits earned in business. “Turnover” is only an indication of success and may be one of the several factors that may reveal “goodwill” and “reputation”. The court was of the view that “Section 24(4)(c) does not expect the registered trade mark of the plaintiff to have become a well-known Trade Mark within the meaning of Section 2(1)(z)(g)” and as what was only required was that the registered Trade Mark had acquired a “reputation in India”.

50. Thus, the argument of the learned counsel for the defendants that since the plaintiff has not sold one hair trimmer or clipper in India, having not produced one, they did not have a reputation in India which could be protected under Section 29(4) or against passing off, is without foundation. This argument of the learned counsel for the defendants was countered by learned counsel for the plaintiff by submitting that reputation can be a spill-over and even if the products were not available

in India, the possibility that there would be ready buyers on account of the existing reputation built up by the plaintiff for its computer products was sufficient to establish entitlement for injunction.

51. The view taken by a Coordinate Bench of this Court in ***Cadbury UK Ltd. v. Lotte India Corpn. Ltd.***, (2014) 2 HCC (Del) 736 would seem to support this contention, though there the discussion was on global reputation of chocolates known as “Cadbury’s Choclairs” and “Parry’s Choclairs”, one of which, i.e., Parry’s Choclairs, later known as “Lotte Choclairs” were being marketed in India, whereas Cadbury introduced their Choclairs later. After discussing the decisions in ***N.R. Dongre v. Whirlpool Corpn.***, (1996) 5 SCC 714, ***N.R. Dongre v. Whirlpool Corporation***, 1995 SCC OnLine Del 310, ***Allergan Inc. v. Milment Oftho Industries***, 1997 SCC OnLine Cal 337; ***Cadila Health Care Ltd. v. Cadila Pharmaceuticals Ltd.***, (2001) 5 SCC 73; ***Muzz Buzz Franchising Pty Limited v. J B Holdings and Ors.*** [2013] NZHC 1599, the legal principles were summarized in the following words: -

“33. The position, therefore, that emerges from the above case law is:

(a) The concept of goodwill is derived from reputation but the reputation need not be necessarily a local reputation. It can even be a spill over in India of the international reputation enjoyed by the Plaintiff's mark.

(b) It is not necessary for the Plaintiff to actually show the presence of or sale of its products in India as long as it is able to establish that it enjoys a spill over reputation in India. In other words, the reputation of a product may precede its introduction and may exist without trade of the product in the country.

(c) The proof of reputation can be in the form of advertisements in the media and general awareness which in the modern day context would include advertisements or display on the internet and social media. The reputation must be shown to exist at the time the Defendant enters the market.

(d) A mechanical incantation of reputation is not sufficient. There must be some material that the product is known to the Indian consumer. The material will be scrutinised by the Court from many relevant perspectives, including the class of consumers likely to buy the product (See the decision dated 15th March 2010 of this Court in CS (OS) 626 of 2006 Roca Sanitario S.A. v. Naresh Kumar Gupta).

(e) Although in the internationalisation of trade there could be a possible confusion with the domestic trader bona fide adopting business names similar to names legitimately used elsewhere, a dishonest adoption or use of a mark similar to one having a reputation in the market, with a view to causing deception or confusion in the mind of the average consumer, may invite an injunction.”

52. It would therefore be of no significance that the plaintiff is not producing any hair trimmers or clippers, so long as undeniably they have an excellent reputation in India in respect of the goods that they actually produce and market.

53. As regards the question of dilution, the pertinent observations of a Coordinate Bench of this Court in ***Rolex SA v. Alex Jewellery Pvt. Ltd. & Ors.***, 2009 (41) PTC 284(Del.) are worth reproducing with profit:-

“24. The goods of the plaintiff may lose their sheen to the strata of the society for which they are intended if such

strata finds the goods in the same brand name even though not from the house of the plaintiff being available for a much lower price. The goods of the plaintiff would then cease to be a status symbol or a fashion statement. Undoubtedly, the same would be to the detriment of the plaintiff. Having found a prima facie case in favour of the plaintiff and irreparable injury to be caused to the plaintiff by allowing the defendant to continue using the trademark, I also find the element of balance of convenience to be satisfied in the present case. The registration of the mark of the plaintiff is over 90 years prior to the claimed commencement of the use by the defendant. Even if the defendant, at the time of commencing the use, did not know of the inherent risk in adopting the well-known trade mark, the defendant, at least, immediately on applying for registration and on opposition being filed by the plaintiff became aware of the perils in such use. Thus, use by the defendant of the mark is for short time only and use during the period of opposition is of no avail. The mark has got no relation to the jewellery being marketed by the defendants. Unless the defendant is deriving any advantage of the goodwill/brand value of the plaintiff and which it is not entitled to, it ought not to make any difference in the business of the defendants if the said jewellery is sold under a mark other than ROLEX.”

54. The situation is the same in the present case. The unfair and dishonest use of the identical trade mark by the defendants for their products clearly riding on the reputation of the plaintiff with clear intent to take unfair advantage of the reputation, cannot, but lead to, a detrimental effect on the distinctive character of the trade mark of the

plaintiff, namely, **HTC/HTC** initially drawn from their corporate name and subsequently, itself becoming the corporate name of the plaintiff company.

55. Learned counsel for the defendant No.1 submitted that there were no averments in the plaint regarding passing off and that in any case “goodwill” had not been established, but the fact remains that from the sales figures of the plaintiff’s goods in India in 2010 of about USD 86.3 million, which rose to USD 288.8 million in 2015, it is established that the plaintiff’s Trade Mark is “well-known” and there is “goodwill” in respect of its goods. Considering the fact, as noticed above, that the same company may produce different products that are seemingly unconnected and dissimilar and not cognate, it is possible for a common consumer to believe that the products of the defendants were originating from the plaintiff and thus, though the “goodwill” is qua the specific products of the plaintiff, would still be available to enhance the sale of the defendants.

56. Therefore, the plaintiff has disclosed a *prima facie* case not only for infringement of the Trade Mark (drawing assistance from the parameters provided under Section 29(4) of the T.M. Act), but also for passing off. The damage caused to the plaintiff would be irreparable as the continued use of the registered Trade Mark of the defendant No.1 would ultimately result in dilution of the Trade Mark and that too, on account of ‘dishonest use’. The “balance of convenience” lies in favour of the plaintiff inasmuch as the products of the defendants have been launched only lately and the invoices show that these products have been

in the market only since 2017 and the sales are few and far between.

57. The application [I.A.5795/2020] is accordingly allowed and till the decision in the rectification/cancellation proceedings is rendered, the defendants No.1 to 4, their directors, partners or proprietors, etc., are restrained forthwith from manufacturing, selling, supplying, offering for sale, including through online platforms, exporting, importing, directly or indirectly dealing in hair trimmers, hair clippers, hair dryers or any other goods bearing the impugned Trade Marks **HTC/HTC** and/or any other trade mark/device/logo as may be identical with or deceptively similar to the plaintiff's trade mark/trade name/**HTC/HTC**, amounting to infringement of the registered trade mark, dilution and passing off. The defendants shall also place on the record the sales figures and the revenues from the sale of its products from the date of the filing of the suit, till 30th April, 2022.

58. The suit [CS(COMM) 263/2020] is stayed, to be revived by either party after the disposal of the rectification/cancellation proceedings. Needless to state that the view taken is on a *prima facie* basis and will not reflect on the merits of the suit or the rectification proceedings.

59. The application stands disposed of.

60. The order be uploaded on the website forthwith.

(ASHA MENON)
JUDGE

APRIL 06, 2022/s