$~26

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

% *Date of Decision: 17th November, 2022*

\+ CS(COMM) 151/2022 & I.A. 3739/2022

NEXTHERMAL CORPORATION & ANR. ..... Plaintiffs
Through: Mr. Abhishek Kotnala and Mr. Karmanya Dev Sharma, Advocates.

versus

CHETAN DHIMAN ..... Defendant
Through: None. (Proceeded *ex-parte* vide order dated 02.05.2022)

CORAM:
HON'BLE MS. JUSTICE JYOTI SINGH

JUDGEMENT

JYOTI SINGH, J. (ORAL)

I.A. 18774/2022 (under Order VIII Rule 10 and Order IX Rules 6 and 11 CPC, by Plaintiffs)

1. This application has been filed under Order VIII Rule 10 read with Order IX Rules 6 and 11 CPC.

2. Present suit has been filed for permanent injunction restraining infringement of Plaintiffs' trademark, passing off, dilution of goodwill, damages etc. against the Defendant.

3. *Vide* order dated 08.03.2022 this Court granted *ex parte* ad interim injunction restraining the Defendant from using the infringing marks in any manner whatsoever and directed compliance of Order XXXIX Rule 3 CPC within two weeks. Defendant was duly served by various modes on 16.03.2022, including by way of an e-mail on 15.03.2022. On 02.05.2022 Defendant was proceeded *ex parte* as neither the Defendant appeared nor written statement was filed within the statutory period. Since the period of 90 days beyond the initial

period of 30 days for filing the written statement expired on 13.07.2022, present application has been filed under Order VIII Rule 10 CPC for pronouncement of judgment.

4. The first and foremost contention on behalf of the Plaintiffs is that in view of the Defendant being proceeded *ex parte* and the statutory period for filing written statement having expired, Court should invoke provisions of Order VIII Rule 10 CPC to decree the suit. I find merit in the contention. The intention of the Legislature in inserting Order VIII Rule 10 CPC is to expedite the process of trial. In this context, I may refer to the judgment of this Court in ***CS(OS) 873/2015***, ***Samsung Electronics Ltd. vs. Mohammed Zaheer Trading As M/s. Gujarat Mobiles & Ors.,*** relevant para of which is as follows:

> *"10. The Supreme Court in* ***C.N. Ramappa Gowda Vs. C.C. Chandregowda, (2012) 5 SCC 265*** *has interpreted the Order VIII Rule 10 CPC as under:-*
>
> > *"25. We find sufficient assistance from the apt observations of this Court extracted hereinabove which has held that the effect [Ed.: It would seem that it is the purpose of the procedure contemplated under Order 8 Rule 10 CPC upon non-filing of the written statement to expedite the trial and not penalise the defendant.] of non-filing of the written statement and proceeding to try the suit is clearly to expedite the disposal of the suit and is not penal in nature wherein the defendant has to be penalised for non-filing of the written statement by trying the suit in a mechanical manner by passing a decree. We wish to reiterate that in a case where written statement has not been filed, the court should be a little more cautious in proceeding under Order 8 Rule 10 CPC and before passing a judgment, it must ensure that even if the facts set out in the plaint are treated to have been admitted, a judgment and decree could not possibly be passed without requiring him to prove the facts pleaded in the plaint.*
> >
> > *26. It is only when the court for recorded reasons is fully satisfied that there is no fact which needs to be proved at the instance of the plaintiff in view of the deemed*

> *admission by the defendant, the court can conveniently pass a judgment and decree against the defendant who has not filed the written statement. But, if the plaint itself indicates that there are disputed questions of fact involved in the case arising from the plaint itself giving rise to two versions, it would not be safe for the court to record an ex parte judgment without directing the plaintiff to prove the facts so as to settle the factual controversy. In that event, the ex parte judgment although may appear to have decided the suit expeditiously, it ultimately gives rise to several layers of appeal after appeal which ultimately compounds the delay in finally disposing of the suit giving rise to multiplicity of proceedings which hardly promotes the cause of speedy trial."*

5. Learned counsel for the Plaintiffs also urged the Court to proceed with hearing final arguments in the matter, without requiring the Plaintiffs to file evidence by way of affidavit, on the ground that averments in the plaint are duly supported by an affidavit and in this regard places reliance on the judgments of the Co-ordinate Benches of this Court in ***Aktiebolaget Volvo and Ors. vs. Hari Satya Lubricants & Anr., (2016) 234 DLT 524; The Indian Performing Right Society Ltd. vs. Gauhati Town Club and Anr., 2013 (134) DRJ 732*** and ***United Coffee House vs. Raghav Kalra and Anr., 2013 (55) PTC 414 (Del).***

6. Having perused the judgments aforementioned, this Court finds merit in the contentions of the Plaintiffs, that Court can proceed to hear the arguments, without insisting on the Plaintiffs' filing evidence by way of affidavit, in view of the fact that Defendant has chosen to stay away from the proceedings and therefore the averments in the plaint are unrebutted.

7. It is averred that Plaintiff No. 1 is a company incorporated under the laws of the United States of America and Plaintiff No. 2 is a wholly owned subsidiary of Plaintiff No. 1, having its registered office

at Bangalore and are hereafter referred to as 'Plaintiffs' for the ease of reference.

8. It is averred that Plaintiffs commenced their business activities in the year 1986, under the trademark/trade name 'HOTSET', which was subsequently changed in 2009 to 'NEXTHERMAL'. Plaintiffs are industrial heating innovation leaders manufacturing and selling electric heating elements systems and engineering services that solve process application problems. Plaintiffs have received various certifications such as UL, CSA, ISO 9001:2015 and CE. Plaintiffs have been credited with various achievements such as participation in 2010 Olympics testing for controlled substances and creating snow etc.

9. Plaintiffs are stated to be having a strong presence in countries across the globe including U.S.A., Canada, Brazil, Italy, India etc. The goodwill and reputation assiduously built by the Plaintiffs under the name HOTSET got carried over to its 'NEXTHERMAL' marks and Plaintiffs started using the said marks in conjunction with a unique and distinctive logo, comprising of the word NEXTHERMAL, written in red and blue colour and having a distinctive 'T' device superimposed in the middle of the mark in a stylized font. The logos of the Plaintiffs are scanned and placed below:


,


,


10. It is averred that the Plaintiffs have proprietary rights over the NEXTHERMAL marks by virtue of their registrations in multiple classes, both word and device mark and the registrations are valid and subsisting. Registrations have also been obtained in several other jurisdictions, details of which have been furnished in the plaint. Owing to the extensive goodwill and reputation created over 3 decades, along with the widespread use of the NEXTHERMAL marks continuously and uninterruptedly, tremendous revenue has been generated by the Plaintiffs, which is evident from the fact that for the year 2020-21 alone the sales turnover was Rs. 18,86,23,493/-. Substantial investments have been made by the Plaintiffs in advertising and promoting the NEXTHERMAL marks, which for the year 2018-19 were Rs. 6,75,832/-.

11. It is averred that Plaintiffs have been felicitated with awards and certificates of appreciation as star performers in various years. Plaintiffs have immense social media presence on various platforms such as Facebook, LinkedIn, Youtube etc.

12. It is further averred that Plaintiffs have been vigilantly protecting their marks and have a number of injunction orders in their favour restraining third parties from infringing the NEXTHERMAL marks as also filing trademark oppositions etc.

13. It is averred that the Defendant is operating under the name 'Nextherm Heat and Mold Tech' by appropriating the mark of the Plaintiffs in entirety as also using the infringing logo mark 

for conducting his business, which is identical to that of the Plaintiffs i.e. manufacturing, trading and wholesaling in

industrial heaters, temperature sensors, electric heating elements and engineering services etc. Defendant is openly and extensively advertising through various third party websites like Indiamart, Justdial.

14. Learned counsel appearing on behalf of the Plaintiffs contends that the impugned marks are phonetically, visually, structurally and conceptually deceptively and confusingly similar to Plaintiffs' marks and Defendant has dishonestly adopted and misused the trade dress by adopting a substantially similar infringing logo mark, which constitutes violation of the 'original artistic work', in which the Plaintiffs have a copyright. On account of identical nature of services/products offered by the Defendant, the deceptive similarity of the rival marks and common trade channels and consumers, it is inevitable that confusion will occur amongst the purchasers.

15. It is further contended that Defendant's adoption of the impugned marks is tainted and he has no explanation whatsoever, for their adoption and use. Pertinently in addition to their own website, Plaintiffs also advertise and promote their business activities through third party websites, where Defendant is also actively and openly promoting his impugned marks and consequently an internet user on coming across the advertisement of the Defendant is bound to come under a mistaken belief that the Defendant is in some manner connected with the Plaintiffs. This will cause immense loss and injury to the stellar reputation built by the Plaintiffs, painstakingly, over a period of nearly 3 decades and the actions of the Defendant amount to infringement of trademarks and copyright as well as passing off.

16. I have heard the learned counsel for the Plaintiffs and perused the averments in the plaint, duly supported by an affidavit as well as the accompanying documents.

17. It emerges that Plaintiffs have been extensively, continuously and uninterruptedly using the mark 'NEXTHERMAL' from the year 2010. Prior thereto, Plaintiff No. 1 had commenced its business under the trademark HOTSET in 1986 and thereafter the name was changed to 'NEXTHERMAL' in 2009. Plaintiff No. 1 is the registered proprietor of NEXTHERMAL (word and device mark) and therefore Plaintiffs have the exclusive right to use the marks exclusively as well as to obtain relief in respect of infringement of the trademarks in the manner provided under the Trade Marks Act, 1999 (hereinafter referred to as the 'Act').

18. Under Section 29(2) of the Act, a registered trademark 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 is identical or deceptively similar to the trademark of the registered proprietor, in respect of goods which are either identical or similar to the goods of the registered proprietor, for which the mark is registered.

19. In ***Pianotist Co. Ltd's*** application [23 RPC 774 at 777], parameters for comparing two rival marks to determine infringement were laid down and relevant para is as under:

> *"You must take the two words. You must judge of them, both by their look and by their sound. You must consider the goods to which they are to be applied. You must consider the nature and kind of customer who would be likely to buy those goods. In fact, you must consider all the surrounding circumstances; and you must further consider what is likely to happen if each of those trade marks is used in a normal way as a trade mark for the goods of the respective owners of the marks. If, considering all those circumstances, you come to the conclusion that there will be a confusion, that is to say, not necessarily that one man*

will be injured and the other will gain illicit benefit, but that there will be a confusion in the mind of the public which will lead to confusion in the goods — then you may refuse the registration, or rather you must refuse the registration in that case."

20. In ***Parle Products (P) Ltd. v. J.P. & Co., Mysore, AIR 1972 SC 1359,*** the Supreme Court held as follows:

"According to Karly's Law of Trade Marks and Trade Names (9th Edition Paragraph 838) "Two marks, when placed side by side, may exhibit many and various differences, yet the main idea left on the mind by both may be the same. A person acquainted with the one mark, and not having the two side by side for comparison, might well be deceived, if the goods were allowed to be impressed with the second mark, into a belief that he was dealing with goods which bore the same mark as that with which he was acquainted.

It would be too much to expect that persons dealing with trademarked goods, and relying, as they frequently do, upon marks, should be able to remember the exact details of the marks upon the goods with which they are in the habit of dealing. Marks are remembered rather by general impressions or by some significant detail than by any photographic recollection of the whole. Moreover, variations in detail might well be supposed by customers to have been made by the owners of the trade mark they are already acquainted with for reasons of their own.

It is therefore clear that in order to come to the conclusion whether one mark is deceptively similar to another, the broad and essential features of the two are to be considered. They should not be placed side by side to find out if there are any differences in the design and if so, whether they are of such character as to prevent one design from being mistaken for the other. It would be enough if the impugned mark bears such an overall similarity to the registered mark as would be likely to mislead a person usually dealing with one to accept the other if offered to him."

21. For a better appreciation, a comparative of the rival marks as brought forth in plaint, is as follows:

Plaintiffs' Marks "Nexthermal"	Infringing Marks "Nextherm"
Plaintiffs' Logo Marks	Defendant's Infringing Logo Marks

   	

22. A comparison of the two marks shows that the rival marks are visually and phonetically deceptively similar. Emphasis on the phonetic similarity and affinity of sound between two rival marks was laid by the Supreme Court in ***K.R. Chinna Krishana Chettiar vs. Shri Ambal and Co., Madras and Anr., (1969) 2 SCC 131*** and it was held that resemblance in two marks must be considered with reference to the ear as well as the eye, as ocular comparison may not always be a decisive test. Applying the aforesaid principles, there is merit in the contention of the Plaintiffs that Defendant has adopted deceptively similar marks and has copied the trade dress also, with a view to come as close as possible to the Plaintiffs' registered trademarks.

23. Test of confusion and deception to prove a case of passing off has been laid down by the Supreme Court in ***Laxmikant V. Patel vs. Chetanbhai Shah and Anr., (2002) 3 SCC 65***, relevant para of which is as follows:

"39. The test of confusion and deception in order to prove the case of passing off has been very well discussed in the case of Laxmikant V. Patel v. Chetanbhai Shah, a judgment delivered by the Supreme Court, reported in (2002) 3 SCC 65, wherein the Apex Court while considering a plea of passing off and grant of ad interim injunction held that a person may sell his goods or deliver his services under a trading name or style which, with the passage of time, may acquire a reputation or goodwill and may become a property to be protected by the Courts. It was held that a competitor initiating sale of goods or services in the same name or by imitating that name causes injury to the business of one who has the property in that name. It was held that honesty and fair play are and ought to be the basic policy in the world of business and when a person adopts or intends to adopt a name which already belongs to someone else, it results in confusion, has the propensity of diverting the customers and clients of someone else to himself and thereby resulting in injury. It was held that the principles which apply to trade mark are applicable to trade name also. Relevant para 10 of the aforesaid judgment reads as under:-

> *"The law does not permit any one to carry on his business in such a way as would persuade the customers or clients in believing that his goods or services belonging to someone else are his or are associated therewith. It does not matter whether the latter person does so fraudulently or otherwise. The reasons are two. Firstly, honesty and fair play are, and ought to be, the basic policies in the world of business. Secondly, when a person adopts or intends to adopt a name in connection with his business or services which already belongs to someone else it results in confusion and has propensity of diverting the customers and clients of someone else to himself and thereby resulting in injury."*

In this case, the Apex Court further observed that:

> *"Where there is probability of confusion in business, an injunction will be granted even though the defendants adopted the name innocently.""*

24. Defendant has chosen to stay away from the proceedings, despite service and the averments in the plaint are therefore unrebutted and unrefuted. Even after the Defendant was proceeded *ex parte*, no steps were taken to participate in the proceedings and this Court is of the opinion that Defendant has no defence. Plaintiffs have acquired formidable reputation and goodwill in India and Defendant is using

deceptively similar marks for identical goods/services. The trade channels and the consumer base is also common and therefore the Triple Identity Test is satisfied. *Ex-consequentia,* it is proved that the use of the impugned mark by the Defendant amounts to infringement of Plaintiffs' NEXTHERMAL marks. The intent of the Defendant in adopting a deceptively similar mark is with a view to pass off its goods and misrepresent to the consumers that his goods emanate from the Plaintiffs. A case of passing off is also thus established. Plaintiffs have made out a case for grant of permanent injunction in terms of prayers (a), (b), (c), (d), (e) and (j) of para 53 of the plaint.

25. Learned counsel for the Plaintiffs, on instructions, submits that the Plaintiffs are willing to give up the relief of damages and only wish to press the relief of costs.

26. In light of the aforesaid facts and circumstances present application is allowed and suit is decreed in favour of the Plaintiffs and against the Defendant in terms of para 53 (a), (b), (c), (d), (e) and (j) of the plaint. Further Plaintiffs would be entitled to actual costs, which would include Court fee, recoverable from the Defendant, in terms of Commercial Courts Act, 2015 and the extant Delhi High Court Rules. Plaintiffs shall file their bill of costs in terms of Rule 5 of Chapter XXIII of the Delhi High Court (Original Side) Rules, 2018 on or before 05.12.2022.

27. List before the Taxing Officer for computation of costs on 16.12.2022.

28. Decree sheet shall be drawn up by the Registry, accordingly.

29. Suit along with pending applications is disposed of in the above terms.

30. Date of 13.01.2023, before the learned Joint Registrar stands cancelled.

JYOTI SINGH, J

NOVEMBER 17, 2022/rk/shivam/sn