

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

Date of decision : 01.02.2010

+ CS(OS) 639/2008

SHELL BRANDS INTERNATIONAL AG & ANR. Plaintiffs

Through : Mr. Manav Kumar and Ms. Neha Kapoor, Advocates.

versus

MR. PRADEEP JAIN PROPRIETOR SHELL EXPORTS E+ B+..... Defendant

Through : Mr. Shridhar. Y. Chitale, Advocate.

CORAM:

MR. JUSTICE S. RAVINDRA BHAT

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| 1. | Whether the Reporters of local papers may be allowed to see the judgment? | Yes. |
| 2. | To be referred to Reporter or not? | Yes. |
| 3. | Whether the judgment should be reported in the Digest? | Yes. |

HON'BLE MR. JUSTICE S.RAVINDRA BHAT

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1. The plaintiffs seek a decree for permanent injunction, alleging infringement and passing-off, of their trademark "SHELL"; they also seek other reliefs, such as damages, direction for delivery-up etc.

2. The first plaintiff is a company incorporated under the laws of Switzerland. The second plaintiff is an incorporated company under the laws of England. They both claim to be members of the SHELL group of companies, of which ROYAL DUTCH SHELL PLC, an English entity is the holding-company. It is alleged that the group comprises of several subsidiary and joint venture entities which produce, manufacture and market a wide range of petro-chemicals, energy

goods and services. The plaintiffs allege that the SHELL group of companies was established in 1907 and now constitute a diverse international group of energy and petro-chemical companies, operating in over 140 countries, employing 1,19,000 people. It is also claimed that the group is engaged world-wide and is best known for its retail service stations, exploring and producing oil and gas on land and at sea. It is contended that the presence of the SHELL Group in India dates back to about eighty years ago when they established an oil distribution company “BURMAH SHELL” in 1928. Para 6 of the suit lists nine companies and concerns which are controlled by the SHELL Group. It is submitted that the plaintiffs’ branded products are sold in Delhi. The plaintiffs contend that the SHELL is a world-famous and globally respected trademark, trade name, service mark and brand name.

3. The plaintiffs and their affiliates, says the suit, have obtained 3000 trademark registrations world-wide, for SHELL related marks. It is submitted that the SHELL trademark and the “seashell” device is registered in a number of classes with the earliest registrations – still extant, dating back to 1942. It is submitted that these registrations are subsisting till date; the plaintiffs describe, in para 9; particularly, their trademark “SHELL” being no. 1251269 dated 24.11.2003, in Class-24. According to the suit, the plaintiffs have earned immense goodwill and reputation in world markets, including in India. This is sought to be underlined by disclosure of sales figures for the period 1999-2007, for the year 1999; the sales mentioned is US \$ 142,140/ Million and for 2000, the corresponding figure is US \$ 355,782 Million. It is claimed that the gross sales in India for 2000 (April 2006 to December 2007) is Rs.1361.20 Crores. It is alleged that the SHELL trademark and name has acquired distinctiveness and secondary meaning amongst members of the public. The plaintiffs cite a report of one Market and Opinion Research International (MORI) in 2005, and submit that 54% of the general public surveyed claimed that

they knew SHELL either very well or fairly well. It is contended that the plaintiffs have been zealously and aggressively protecting their intellectual property rights.

4. The plaintiffs allege that the defendant is engaged in the manufacture and export of bedsheets, quilts and pillow covers in various specifications; it is a proprietary concern. It is further claimed that the plaintiffs became aware of the defendant's website www.shellkandla.com upon enquiries and also the use of the word "SHELL" in the e-mail identity, info@shellkandla.com. The plaintiffs allege having issued a Seize and Desist letter dated 21.12.2006, demanding the defendant to stop using the SHELL name. It is also argued that the defendant, in their letter dated 29.12.2006, informed that they were willing to change the trade name and asked the plaintiffs' cooperation in executing name-change procedure with government authorities. It is submitted that despite several reminders, the defendants did not comply with their promise and eventually sent an e-mail on 30.11.2007, demanding about Rs.4 crores as monetary compensation for name change. The plaintiffs submit being aggrieved by the unauthorized use of the word "SHELL" in which they have excessive rights, by the defendant, which injures their reputation.

5. The plaintiffs allege that the defendant is well-aware of the fame and reputation of the plaintiffs in respect of the mark "SHELL" and its use of such mark is in bad faith.

6. The plaintiffs have claimed to being a registered proprietor of well-known mark (falling within the definition under Section 2(1)(zg) of the Trademarks Act, 1999 (hereafter called "the Act"). Since the mark has been used extensively for over 100-years globally, promoted and advertised, their products under the said mark through print and advertisement media. The claim for being well-known mark is also premised upon numerous registrations subsisting in the

plaintiffs' favor in various classes under the Act. It is submitted that this Court has jurisdiction since the plaintiffs' affiliate office operates in Delhi under license and their goods are extensively sold here. It is also claimed that the defendant operates and promotes its business activity through the website www.shellkandla.com on a commercial scale, which is accessible from anywhere, including Delhi. In these circumstances, the plaintiffs seek injunction, restraining the defendant from manufacturing any articles or commercial-dealing with them under the trade-name SHELL EXPORTS or any other deceptively similar mark and also from using the name www.shellkandla.com as their domain name.

7. In support of their claim, the plaintiffs have filed copies of trademark registrations in respect of the word "SHELL" as well as the "SHELL" logo with the word in various classes and the renewals obtained from time to time in pages 176-226 of the list of documents. To establish use, the plaintiffs rely upon copies of brochures, webshots etc., displaying the said SHELL logo; they are filed at pages 234-281, copies of press clipping in support of the claim, containing articles and write-ups in support of the claim for being world-famous and well-known marks, are filed between pages 282-355. The plaintiffs also rely upon previous orders of the Court in other suits where the defendants in those suits were enjoined from using the SHELL trademark.

8. The defendant contests the suit and, submits that it is motivated. It is contended that the defendant has no intention of deriving benefits from the plaintiffs' trade name and has been using M/s. SHELL EXPORTS KANDLA for the last 11 years, the manner of presentation of which has not constructive or visual resemblance with the plaintiffs' trade or corporate name. It is submitted that the goods manufactured by the defendant are not even advertised in India and that it sells its goods abroad. The defendant states that it is not using the plaintiffs' logo, emblem or any other mark on its products capable of any confusion. He also submits to manufacturing

“shell” products, such as bedsheets, quilt covers, etc., which are not sold in India, but are produced in accordance with the overseas buyer’s specifications. It is submitted that such goods, after export, are stuffed, or finished, and sold under different brands, having regard to the buyers, and local markets. The defendant submits that he does not use the SHELL logo, or even the word, mark for marketing his products; he does not even advertise it anywhere, either in India, or in any other place.

9. The defendant, in support of his averments, relies on certain documents, such as the certificates issued by the Apparel Export Promotion Council, a letter from the Office of the Development Commissioner, Kandla Special Economic Zone, dated 26th June, 2007, stating that its (the defendant’s) unit was given a letter of approval on 01.11.1996. The copy of the Actual User Registration certificate, dated 02.01.1997, issued to the defendant, about the use of the SHELL EXPORT trade name, is also relied on. Copies of the Export Promotion Council document, issue in 2003, as well as the certificate issued by the Registrar of Firms, in respect of the defendant concern, dated 18.05.2000, have been placed on the record.

10. By an order of court, dated 12.05.2009, issues were framed; they are:

- (1) Whether the plaintiff is registered proprietor of the trademark SHELL; OPP
- (2) Whether the use by the defendant of the word SHELL as part of its trade name for trade/business different from that of the plaintiff amounts to infringement of the plaintiff’s trademark; OPP
- (3) Whether the defendant is the prior user of the mark/word SHELL for the Class 24 goods of the business carried by it and if so to what effect? OPD
- (4) Whether the plaintiff has not used word/ mark SHELL in India and if so to what effect? OPD

(5) Whether the use by the defendant of the word SHELL as part of its trade-name and on its website would amount to the defendant passing off its goods/business as and that of the plaintiff?
OPP

(6) Whether the defendant is an honest and bona fide user of the word SHELL as part of its trade name/domain name and if so to what effect? OPD

(7) Whether the word SHELL is a generic word and if so to what effect? OPP

(8) Whether there are other distinguishing features in the name/mark of the defendant from that of the plaintiff and if so to what effect? OPD

(9) Whether the plaintiff is not entitled to the relief claimed for the reason of delay, laches and acquiescence? OPD

(10) Whether this Court has territorial jurisdiction to entertain the suit? OPP

(11) Whether the plaintiff is entitled to any damages from the defendant and if so in what amount? OPP

(12) Relief

11. The plaintiffs filed the affidavit evidence of one witness, Rahul Sethi, who claims to be their Constituted Attorney, dated 23rd September, 2009. Despite several dates of hearing, the plaintiffs' witness was not present in Court, for cross examination. He has affirmed the averments of the suit, and the documents filed along with it.

12. Mr. Manav Kumar, learned counsel, relied on the averments in the suit, as well as the plaintiffs' documents, to say that the distinctiveness, repute and fame of the plaintiffs' mark cannot be doubted. It is contended that the word SHELL is virtually synonymous with the plaintiffs and their products, and globally, consumers associate it with the plaintiffs' products. The plaintiffs are registered owner of the marks, worldwide, and have, 3000 registrations standing to their credit, across several countries. In India, too, they have been using the mark and

have registrations in their favour for several products and services. The plaintiffs submit that they are particularly concerned with the subsisting registration in their favour, in Class 24, both of the word mark, and the distinctive SHELL emblem.

13. Learned counsel relied on the copies of web-shots of the plaintiffs' websites, as well as copies of their brochures and write ups, to submit that the SHELL mark is used extensively in relation to various petroleum products and allied services, since 1907, and at least since 1942 in India. In these circumstances, according to counsel, the mark is not only distinctive, with a valuable reputation, but one capable of being characterized as a well-known and famous mark, that has acquired secondary meaning among the consumers. It is also submitted that consumer surveys have revealed that a vast majority of the general public are aware of the distinctive SHELL brand and mark, and that most people who are spoken to about the SHELL brand, disclose its brand awareness, and that it pertains to the plaintiffs' goods and services.

14. The plaintiffs have relied on the evidence of PW-1 Rahul Sethi, who deposed in support of the averments, generally. He also exhibited documents, Ex. PW-1/3 to PW-1/17, copies of the plaintiff companies' annual reports, for various years. The affidavit states that the SHELL mark was devised and used for the first time, since 1907, and has been used extensively in several countries around the world. A list of trademark registrations for the wordmark and the device has been annexed to the affidavit. The deponent mentioned that the SHELL mark has been in use in India, since 1942, and the registrations for the mark have been renewed; they are extant. The deponent, in the affidavit mentions that the SHELL mark was also registered in relation to Class 24 in India, with effect from 24.11.2003. He has sought to prove the registrations by producing copies of the certificates (Ex. PW-1/19 and Ex. PW-1/20). He deposed, further, about the sales and advertisement amounts spent by the plaintiffs; as well as produced copies of invoices, etc., to

show extensive marketing and sales of the plaintiffs' goods and services. The witness has further deposed about the brand acceptance and awareness in the marketplace, and exhibited the documents filed along with the list of documents, produced with the suit.

Issue Nos. 1, 4 and 7

15. The Court proposes to consider these issues, as they concern the main aspects of the plaintiffs' claim. Now, the documents produced and affirmed on behalf of the plaintiffs are not seriously disputed. These clearly establish that the plaintiffs' marks – both the device and the word mark are registered trademarks, and have been in existence for a substantially long point of time, in India. The plaintiffs' claim is that the mark is used and well-known in respect petroleum, petroleum products and allied goods and services; they also claim to be using the mark in other fields such as research and development, education, and so on. The issue concerning the plaintiffs' proprietorship, of registered trademarks were not disputed by the defendant, nor his counsel, during the hearing of the suit. That the plaintiffs have been using the mark, in respect of petroleum and other goods and services, are not disputed. Therefore, Issue Nos 1 and 4 are answered in their favour.

16. That brings the discussion to the seventh issue, i.e. whether SHELL is a generic word or term. It is established that the purpose of using trademarks is to enable consumers to identify the source of the product. Marks – particularly word marks are descriptive, geographical, generic or arbitrary. A mark which has no co-relation to goods or services which it services is an “arbitrary” mark. The plaintiffs' contention is that SHELL is not descriptive, but arbitrary, and by long usage, it has not only acquired secondary significance, but has become a well-known mark. In

sum, they contend that the word itself conjures association with the plaintiffs' services or products.

17. Now, there can be no doubt that the materials on record show that the plaintiffs have been using the SHELL mark for a considerably long period. In relation to petroleum products, it can be safely said that the mark has acquired a secondary significance, as to identify itself with the plaintiffs. To that extent, the plaintiffs' claim is correct. The question however, is not whether such distinctiveness is sufficient to entitle the plaintiffs to the injunction sought for.

18. "Shell" is a common word, signifying many meanings. It means the shell (of a sea creature) of the kind used by the plaintiffs' logo. It also has several other meanings, such as – an empty covering or cover; an outer layer with something inside (as in an eggshell); it also signifies an explosive or firearm shell. If one takes these factors into consideration, there is no doubt that SHELL, though not a descriptive word, in respect of the goods or services offered by the plaintiffs, is a common word. The plaintiffs, as stated earlier, are well known for products in the petroleum, oil and allied fields. The seventh issue is answered accordingly; there is no genericness of SHELL, in relation to petroleum products. However, it is also undoubtedly a common dictionary word.

Issue Nos. 2,3, 5 & 6

19. The facts of this case show that the defendant's use of SHELL, is confined to its corporate name. It does not participate or engage in petroleum or allied business. It claims to have been using the SHELL word in its corporate name, since 1993; it relies on certificates issued by government and trade bodies, evidencing use since at least 2000. The defendant also does not offer any goods or services; it is a purely export oriented firm, which manufactures covers or "shells" of quilts/ sheets, which are then filled with stuffing. These products are, according to its averments and materials on record, exported. The defendant firm is situated in

Kandla. The plaintiff has not controverted these facts, through any pleadings, or evidence. It has also not placed any material to show that the defendants are using their trademark SHELL, on their (the defendant's) products.

20. The suit and the evidence led on behalf of the plaintiffs shows that they own a large number of trademark registrations, in various classes. These include Class 24 (Textiles and textile goods, not included in other classes; bed and table covers) with effect from 2003. Yet, the plaintiff has not disclosed whether it is engaged in any textile goods manufacture or trade, or deals in bed and table covers, which is the only commercial activity of the defendant. The materials on record also suggest that the defendant has been using the mark since at least 2000, if not earlier. These, in the opinion of the Court show that the defendant has been using the mark in relation to its corporate or trade name, much before the plaintiffs, as regards the textile and bedcovers trade.

21. Section 29 (5) of the Trademarks Act has enacted the standard for a new species of infringement, i.e. trade-name infringement. It reads as follows:

“(5) A registered trade mark is infringed by a person if he uses such registered trade mark, as his trade name or part of his business concern dealing in goods or services in respect of which the trade- mark is registered.”

Significantly, unlike trademark infringement in relation to similar goods, where the marks are similar or identical, where Parliament has mandated a presumption (of infringement) there is no such presumption in case of trade name similarity.

22. *Sona Spices Pvt Ltd. v. Soongachi Tea Industries Pvt. Ltd.*, 2007 (34) PTC 91 (Del) and *First Computers v. A. Guruprasad*, 1996 PTC (16) 27 (Mad) (DB) are authorities on the question of use by the alleged infringer, of the mark, before the plaintiffs' mark was registered. In *Sona Spices*, the Plaintiff was prior registered owner of trademark *Sona* and was using the same for spices and was a recent entrant in tea business. The Defendant was using the same brand name for tea for around 30 years and was also a registered owner of the same brand name. This Court rejected the Plaintiff's application for interim injunction on the ground that the Defendant was a prior user of the mark *Sona*, in respect of tea business and the Plaintiff failed to prove any

established business in respect of tea. In *First Computers*, the Plaintiff was trading in computers. The Defendant neither manufactured, nor a sold computers; he used to train people in the use of computers. In such circumstances where the likely customers were also educated people, the Division Bench of Madras High Court did not find any ground to grant interim relief to the Plaintiff. In *Britannia Industries Ltd. v. Cremica Agro Food Ltd.*, 2008 (38) PTC 89 (Del) the Plaintiff was using the trademark GREETINGS in relation to biscuits, cakes and bakery products whereas the Defendant's products were a combination of assorted biscuits. This Court refused to grant interim injunction and did not find it to be a prima facie case of interim relief to the Plaintiff. In *Harrods Ltd. v. Harrodian School Ltd.*, [1996] RPC 697, the question was whether the use by the Defendant of their name (Harrodian School) would lead to confusion among the public that they were misrepresenting themselves as being connected with the Plaintiff (Harrods Ltd). The injunction was refused for lack of evidence of actual deception and confusion. Millet LJ., observed:

“If any confusion really did exist then, given the time which elapsed between the publication of the brochure, the opening of the school, and the trial, I would have expected the plaintiffs to be in a position to call evidence that some of their huge number of customers had asked for a brochure for the school or had enquired whether the store supplied uniforms for the school, or had otherwise manifested their impression that the school was connected with the store. No such evidence was called..”

23. The plaintiffs have been unable to show from the record any evidence of their use of the SHELL mark in relation to textiles or products of the kind, the defendant deals in. They have also not shown that the defendant uses the mark, in relation to any products sold, or offered in the market. All indications are that the trade-name is used only for export; the defendant does not use any mark for its products, at least not SHELL. The defendant's use, on the other hand, is descriptive, vis-à-vis the textile articles which are “shell” goods, without stuffing.

24. Cases of infringement no doubt, do not depend on proof of actual deception. Yet the entire object of trademark law would be rendered meaningless if courts were to mechanically grant injunctive relief, where no injury is shown, or shown to be a natural result of someone's use of a mark. The object of trademark law is to prevent conduct by a trader or producer, which is calculated to injure the business or goodwill of another trader (in the sense that this is a

reasonably foreseeable consequence). This is more so, where generic terms, or common words are used for trademark; this also applies where the words describe the goods, or services, or some of their prominent attributes. The need to show some element of use or goodwill, in the mark, for the goods or services, cannot be lost sight of; in *Perkins v. Shone*, 2004 EWHC 2249 (Ch D) this was emphasized as follows:

“Commercially goodwill is recognised as a form of property, and transactions in goodwill occur constantly in all areas of business. The law also recognises that goodwill exists, and affords it a measure of protection through the law of passing off. However, the degree of legal protection is not as extensive as the factual and commercial content of goodwill. To some extent that is necessarily so given the factors which make up the goodwill of a business or of a particular line of business. The essence of goodwill has been encapsulated judicially in Lord Macnaghten's expression 'the attractive force which brings in custom': IRC v. Muller [1901] AC 217 at 223. To a large measure it lies in the de facto expectation that an established line of business will continue: that the customers will carry on purchasing the goods or services and that the suppliers will carry on providing the supplies which enable the goods or services to be provided. But those are not matters which can be given legal protection as some species of property right. The goodwill value of a business can be reinforced by making long term contracts with customers or suppliers, but goodwill can exist and can have a significant value even in the absence of long term contracts. In such cases it exists as a commercial reality although major elements of it do not and cannot receive legal protection.”

Recently, a Division Bench, in *Rhizome Distilleries Pvt. Ltd. & Ors. v. Pernod Ricard S.A. France & Ors.*[FAO (OS) 484/2008 & C.M. Nos. 17352/2008 & 3429/2009, decided on 23.10.2009 by Vikramajit Sen, J and V.K. Jain, JJ] stated the applicable principles, where rival marks are common or dictionary words or common to the trade, in the following manner:

“We are reminded of the decision of the Court of Appeal in McCain International Limited v. Country Fair Foods Limited 1982 PTC 156. The learned Single Judge had granted interlocutory relief in a passing off action. The Plaintiff avowedly was the first to launch 'chipped potatoes' in the market which rather than being fried could be baked in the oven or cooked in a grill. The competing brands were 'McCain Oven Chips' and 'Country Fair Oven Chips'. The Court of Appeal was of the opinion that the case was similar to the term 'Flaked Oatmeal' in Parsons v. Gillespie 1898 AC 239 which was seen as descriptive' Reference was also made to the use of the word "slip-on" which was also found to be descriptive; or Hedley's Malted Milk as against Horlicks Malted Milk. We think it noteworthy that it was reiterated that it was essential for a trader to add a prefix or suffix, preferably showing origins in order to get any protection in respect of a word which is descriptive. Reference was also made to Office Cleaning Service Ltd. v. Westminster Window and General Cleaners Ltd. (1946) 63 RPC 39 where the rivals were using "Office Cleaning Services" and "Office Cleaning Association". The opinion was

that where a fancy word has been chosen as a part of the name and if another trader adopts that fancy name that may be seen as inviting confusion. Keeping all these precedents in view, the Court of Appeal concluded that the use of the word 'Oven Chips' was descriptive and the prefix of 'McCain', 'Country Fair' or 'Birds Eye' were sufficient to distinguish the products. We are not faced with the employment of descriptive words but the underlying rationale is apposite, namely, that if words of common parlance are used, exclusivity cannot be claimed..."

25. This Court is of opinion that the use of SHELL as corporate name by the defendant, notwithstanding the plaintiffs' registration of the word mark, cannot *ipso facto* confer exclusivity. The plaintiffs should use it in relation to specific goods, such as garments, etc; then alone would there exist some justification in granting relief. Trademark law, it must be remembered, is not mechanical application of abstract principles, after a ritualistic incantation of standard terms. It strives to protect businesses built up to match certain standards. If a trader or manufacturer uses words that acquire some distinctiveness, he is undoubtedly entitled to protection, at least in respect of similar marks, in respect of the goods he deals in. However, merely because he acquires registration (of the mark) he does not become its exclusive owner. SHELL conjures up images of the Shell device; even its petroleum products. But nothing on record suggests that it associates with export of shell bedcovers; the plaintiffs do not deal in such goods, nor were to be shown as dealing in them, in respect of the domestic or export market. The defendant, on the other hand, has shown to have been using it for over one decade. In these circumstances, the Court holds that the plaintiffs are not entitled to the reliefs of injunction and damages.

26. For the above reasons, the plaintiffs have not been able to prove their case, for any of the reliefs claimed. The suit, therefore, has to fail. It is dismissed with costs; counsel's fee is quantified at Rs. 50,000/-

February 01, 2010

**(S.RAVINDRA BHAT)
JUDGE**