

KSB Aktiengesellschaft Vs Anil Agarwal

Court: BOMBAY HIGH COURT

Date of Decision: June 17, 2016

Citation: (2016) 4 AIRBomR 776

Hon'ble Judges: G.S. Patel, J.

Bench: Single Bench

Advocate: Ms. Pooja Kshirsagar, i/b Bharat Shah & Co, for the Appellant

Final Decision: Disposed Off

Judgement

G.S. Patel, J.(Oral)â€”This order disposes of the Plaintiffs' Notice of Motion. Though the application is for reliefs in both infringement and

passing off, Ms. Kshirsagar for the Plaintiffs restricts her reliefs to those in passing off.

2. I passed an ad-interim order on 22nd September 2014, noting a statement made on behalf of the Defendant that the Defendant would not, until

1st October 2014, use the offending mark ""KSB"" in relation to any goods. This order was continued on 1st October 2014 until further orders. The

Defendant has since filed an Affidavit in Reply; there is also an Affidavit in Rejoinder. The Defendant has, however, been absent on every occasion

after 12th June 2015, when he was last represented in Court. The order sheets and roznamas of 24th July 2015 (S.J. Kathawalla, J.), 13th August

2015 (S.J. Kathawalla, J.) and 16th June 2016 all indicate that the Defendant has not, on any of these three occasions, appeared in Court.

3. I have heard Ms. Kshirsagar. She has taken me through the plaint, its annexures and paper book in the Notice of Motion. She has also placed

for consideration a comprehensive note that covers all the relevant aspects of this matter, including a very fair summary of the defences taken in the

Affidavit in Reply.

4. Plaintiff No. 1 is a German company. Plaintiff No. 2 was incorporated on 11th April 1960 in India. It is an associate of Plaintiff No. 1, which

holds about 40.54% of the 2nd Plaintiff's equity through a subsidiary. The 2nd Plaintiff is a licensee of the 1st Plaintiff in respect of the trade mark

in question. This is the mark ""KSB"" and the Plaintiffs claim proprietary rights over both the word and label marks. The Plaintiffs have registrations

at various levels and in various jurisdictions. There is, to begin with, a long list of registrations in overseas jurisdictions: Australia, Canada, USA,

UAE, Brunei, Japan, Korea, Ireland, Germany, China, Singapore, Great Britain, South Africa, as also under the Madrid Protocol covering

Scandinavian countries and the United Kingdom and from the World Intellectual Property Organization ("WIPO") as well. A list of this is at

Annexure "1" to the note tendered by Ms. Kshirsagar today.

5. Within India too the Plaintiffs between them have registrations across several classes, viz., Classes 6, 7, 9, 11, 16, 37, 41 and 42. Even within

Class 7, the Plaintiffs have four distinct registrations on 9th October 1958, 24th October 1975, 26th September 1996 and 3rd September 1997.

There is the question of use. Worldwide, the Plaintiffs legitimately claim use dating back to 1887. In India, this use dates back to 1960.

6. I must, at this stage, make a note of the products or goods covered by Class 7. This is of some consequence because of a rather peculiar

defence taken in the Affidavit in Reply. Class 7 covers "pumps", both power and hand operated, compressors (machinery and air), treads and

valve parts for machines, pumps (not for land craft), units consisting of pumps and motors and so on. These are the goods in respect of which the

Plaintiffs have sought registration. The entry in Fourth Schedule to the Trade Mark Rules for Class 7 & 12, reads thus:

7. Machines and machine tools; motors and engines (except for land vehicles); machine coupling and transmission components (except for land

vehicles); agricultural implements other than hand-operated; incubators for eggs.

12 Vehicles; apparatus for locomotion by land, air or water.

7. In 1871, one Johannes Klein and others formed a German company under the name "Frankenthaler Maschinen & Armatur Fabrik Klein,

Schanzlin & Becker". A few years later, this company went public. Its name was changed to the present name. The present name, KSB, is an

acronym. It is comprised of the first letters of the surnames of the three first founders of this company. The 1st Plaintiff has been known simply as

KSB in Germany for more than 130 years. A more detailed corporate history of the 1st Plaintiff is set out in the plaint (1).

1. Plaint, Exhibit "B", p. 36.

8. The 1st Plaintiff, apart from its association with the 2nd Plaintiff, also has a wholly owned subsidiary in India. This subsidiary carries forward the

corporate name of the Plaintiff: it is known as KSB Tech (P) Limited. It was incorporated on 23rd November 2004. The Plaintiff No. 1 and its

various affiliate companies formed a 65-company multinational group. All these corporate entities use the name KSB as an essential part of their

corporate names. A list of these 65 companies and the countries in which they are registered is set out in the Plaint (2).

2. Complaint, Paragraph 7, pp. 4-5.

9. As I have noted, the 2nd Plaintiff was incorporated on 11th April 1960 and it is permitted by the 1st Plaintiff to use KSB in its corporate name

and as a trade mark. Since its incorporation, the 2nd Plaintiff has manufactured, marketed and sold products under the trade mark KSB and with

the KSB logo. The Plaintiffs have thus been using KSB as their corporate and business name, trading name, trading style, house mark, proprietary

mark and label for four decades in India. The 1st Plaintiff has registrations, as I have noted, in India in several classes. A list of these is to be found

in the Complaint. Paragraph (3) It is seen from this that the label marks feature the letters KSB written in a unique font of block capitals. There is also a logo

which shows a round lower case "b" integrated into a round-cornered hollow square in grey. In relation to printed matter and stationary, the

Plaintiffs use the mark KSB. A representation of this is also to be found in the Complaint. Paragraph (4) The relevant legal proceedings certificates are also

annexed to the Complaint. Paragraph (5) These are in respect of the registrations in Class 7. On 4th December 2006, the Registrar of Trade Marks entered

the name of the 2nd Plaintiff as the registered user of some of the trade marks. A formal order is awaited. The 2nd Plaintiff has been using the mark

KSB on its products. The Plaintiffs are also registrants of the domain name www.ksb.com.

3. Paragraph 12, pp. 8-9.

4. Exhibit "G18", p. 111; Complaint, Exhibit "G19", pp. 112-113; Complaint, Exhibit "G20", pp. 114-115.

5. Exhibit "H1", p. 118; Complaint, Exhibit "H2", p. 121.

10. As to the question of sales and promotional expenses, there can be no dispute either. The note tendered by Ms. Kshirsagar shows that the

worldwide sales and promotions from 1960 to 2013 are indeed in very high volumes. For the year 2013, the sales were *855,949,000 and the

sales expenses were nearly *7 million in 2011. In India too sales have steadily increased from Rs. 3,73,000/- in 1963 to Rs. 739 crores in 2013.

The promotional expenses in India are substantial, nearly Rs. 6.5 crores in the year 2013. The Chartered Accountant's certificates attesting to the

correctness of these figures are also annexed to the Notice of Motion (6).

6. Motion paper-book, pp. 250-251; Rejoinder, Exhibit "10".

11. Ms. Kshirsagar also points out that the third aspect required to gain recognition as a well-known mark is, in the case of the KSB mark,

complete. The Plaintiffs have been diligent in protecting their intellectual property rights. Annexure "2" to the note that she submits today has a list

of 12 separate litigations initiated by the Plaintiffs in various Courts, including this Court, in which the Plaintiffs have obtained favourable orders.

She also points out that Dr. D.Y. Chandrachud, J. (as he then was) while sitting singly noted as well-founded the Plaintiffs' case that KSB is an

internationally well-known trade mark with a presence in India, KSB Aktiengesellschaft & Anr. v. KSB Real Estate & Finance Private Limited;

Notice of Motion No. 4019 of 2007 in Suit No. 2930 of 2007; decided on 11th February 2008. If there was any dispute about the Plaintiffs'

mark being recognised as a well-known mark, it is, Ms. Kshirsagar submits, put to rest by the decision of Mr. Justice Rajiv Shakti of the Delhi

High Court in KSB Aktiengesellschaft & Ors. v. KSB Global Limited, 2011 (45) PTC 103 (Del.) This was a final order in the Suit. After noticing

the factual matrix, Mr. Justice Shakti held in paragraph 12.1 of the PTC report that the defence taken in the case before him was untenable for

the reason that the Plaintiffs' trade mark KSB has gained, both in India and several countries across the world, a significant reputation. I am in

most respectful agreement with the view taken by Mr. Justice Shakti. I would only add to it by saying that even if it is not yet in the register or

list of well-known trade marks maintained by the Registrar of Trade Marks, it ought to be. It satisfies every one of the essential requirements for

inclusion in that list. These volumes of sales and turnover, the registrations and such strength and longevity of presence, both in India and overseas,

seem to me to leave absolutely no room for doubt that KSB is indeed a well-known mark and ought to be formally recognised as such by the

Registrar.

12. It seems that on 11th May 2010 the Defendant filed an application for registration of the trade mark KSB as a label mark in Class 7 in relation

to manufacturing and trading in bearings. This was despite the existence of the Plaintiffs' mark on the register. I agree entirely with Ms. Kshirsagar

that it is difficult to comprehend how this application could have been entertained; for the Defendant was required to take search and had he done

so, the Plaintiffs' mark would undoubtedly have been cited as a conflicting mark. The requirement for search is something that is not optional or

one that is only raised when matters come to Court. It is settled law, including by long line of decisions of this Court, that it is the Defendant's

obligation while applying for a mark not only to take a search of the register. Bal Pharma Ltd. v. Centaur Laboratories Pvt. Ltd. & Anr., 2002

(24) PTC 26 (Bom) (DB). but also to do a market search. Gorbatschow Wodka KG v. John Distilleries Ltd., 2011 (47) PTC 100 (Bom). If he

does not do so and an action is brought against him subsequently in infringement, he cannot claim innocence.

13. It seems that the Defendant's application was advertised in the Trade Marks Journal No. 1613 on 4th November 2013. The Plaintiffs saw this

application only on 17th May 2014 but were unable to file a notice of opposition in time. The Plaintiffs, through their Advocates, requested the

Registrar of Trade Marks not to accept the Defendant's application. (11) The Plaintiffs also issued a cease-and-desist notice through their

Advocates on 19th May 2014. (12) This notice was returned with a remark "'intimated and not claimed'". This is a telling circumstance. The

Defendant clearly knew that the Plaintiffs had asserted their rights. By choosing not to accept the notice, the Defendant has waived or given up any

case he might once have had of being unaware of the Plaintiffs assertion of their rights.

11. Plaintiff, Exhibit "'L'", pp. 132-133.

12. Plaintiff, Exhibit "'I'", p. 122-128.

14. On the very day that the Plaintiffs' Advocates sent the cease-and-desist notice, the Defendant's mark KSB proceeded to registration in Class

7. The Plaintiffs were, of course, unaware of this. On 20th August 2014, the Plaintiffs' Advocates sent a reminder. This time they attempted

service by hand delivery. A person who claimed to be the Defendant's brother read this letter informed the Plaintiffs' Attorney's representative

that the Defendant's office had shifted. The Plaintiffs' Attorney's representative went to the new address. There, he found and served the

Defendant. The Defendant read the notice and then refused to formally accept or acknowledge service. What seems to have happened is that the

Defendant then spoke to the Plaintiffs' Attorneys and claimed that his mark was different from the Plaintiffs' mark, and that there was no

infringement. All of this is set out in the Plaintiffs' Advocate's letter of 20th August 2014. (13) A reminder followed from the Plaintiffs' Advocates

on 25th August 2014. (14) This Suit was filed on 18th September 2014.

13. Plaintiff, Exhibit "'J'", p. 129.

14. Plaintiff, Exhibit "'K'", p. 130.

15. As I have noted, the Defendant claims that his mark is "'different'". Is it? The Defendant's mark is disclosed in the Additional Affidavit filed by

the Plaintiff on 23rd September 2014. (15) As far as I can tell, other than a slight difference in the font, there is no difference at all between the

Defendant's mark and the Plaintiffs'. The Plaintiffs' mark appears to use a sans serif or slab font; the Defendant's mark is a serif font. The

Defendant also uses the same three letters. He also depicts them in an all-caps form with a slight separation between each letter. Merely to say,

therefore, that the two marks are different is clearly untenable. Structurally, visually and, should it come to that, phonetically, the two are the same.

There is only one way to pronounce the letters KSB, and that is "kay-ess-bee".

15. p.20 of the Motion paper-book.

16. The Reply discloses a few other defences. The first is that the Plaintiffs use the mark KSB in respect of pipes, pumps, valves and so on, all

products used in the agricultural sector, but that the Defendant uses the mark in relation to bearings. The manner in which the Defendant has placed

his case is set out in paragraphs C(i) and C(ii) of the Affidavit in Reply to the Notice of Motion. (16) They read thus:

16. paper book, pp. 21-23.

[C](i) With reference to paragraph No. 20(c) of the Plaint, a bearing constraints relative motion and reduces friction between moving parts to only

the desired motion. The Defendant is aware that there are various types of bearings and they are capable of handling axial thrust load in either

direction. The Defendant states that it is false to allege that with the deliberate object of making illegal profits by trading upon the reputation and

goodwill enjoyed by the Plaintiffs, the Defendant has dishonestly and fraudulently adopted and used the trade mark by misrepresentation to the

Registrar of Trade Marks. The Defendant is unaware nor concerned that the use of the trade mark by the Defendant is likely to mislead the

members of trade and public into believing that his products are original and/or he is the dealer and/or distributors and/or agent of Plaintiffs and/or

their products and/or their part/components, and/or that Defendant is in some way connected or associated with Plaintiffs. The product of the

Defendant is different from that of the Plaintiffs. The packaging of the Defendant's bearings has no similarity with that of the Plaintiffs.

Customers/Clients/Patrons using the Plaintiffs' goods are never going to be misled by words and label works of the Defendant as the name of

manufacturer is distinctively printed on the boxes. The degree of resemblance between the marks, phonetically is dissimilar. Even the idea of the

product is dissimilar. The nature of goods, industry, usage, clientele, amongst others are completely disparate and distinct. Till the filing of this suit,

the Defendant had no knowledge of the existence of the Plaintiffs since their trades are different, disparate, distinct and disconnected. There is no

similarity in the nature, character and performance of the products. The class of purchasers who are likely to buy the goods bearing the marks they

require, their education, intelligence and degree of care they are likely to exercise in purchasing and/or using the goods, are not similar. The

Plaintiffs and the Defendants do not belong the same market place. The Plaintiffs, being giants, can afford to sell their goods on Credit, whilst the

Defendant is strictly indulging in cash sales or credit for a few weeks only.

[C][ii] The two [2] products are different and distinct. KSB's font is distinct, disparate and different from the KSB" font. KSB has a logo, whilst

KSB does not have one. Most importantly, KSB is not into "pumps and valves", whereas KSB is into "Bearings" not used in KSB pumps and

valves. On enquiries, it is discovered that KSB sources its bearing requirements from SKF, FAG, NTN, Contra, KSB of the Defendant is

nowhere in the picture. KSB is not registered in Class 12 which is meant for manufacturers of bearings. KSB Germany needs to take action, if any,

against Ningbo KSB, the parent company in China. There is a challenge to jurisdiction by the Defendant. The Plaintiffs should launch their

suit/action against Ningbo KSB, China, in Chinese Courts. KSB Bearings are imported in India under Open General License [OGL] as no

permission or License is required to import KSB bearings. KSB bearings are freely available all over the world, including India as the Parent

manufacturer from China is making it available to all Indian dealers.

17. These defences are meaningless, given that the two marks are identical and given the wide range of products on which the Plaintiffs do use their

mark. The Defendant claims to have obtained registration in Class 7. But the Plaintiffs also have prior registration under that very class, i.e., in

respect of the very same goods. There can be no question of the Defendant having legitimately obtained registration in Class 7 if there was a prior

conflicting registration to the Plaintiffs in that very class. Indeed, if there was ever a matter to recommend the immediate de-registration of a

defendant's trade mark, this is probably it. The case seems to me to fall within the limited scope for cancellation afforded by the Full Bench

decision of this Court in *Lupin Ltd v. Johnson & Johnson*, 2015 (1) Mh. L. J. 501.

18. Ms. Kshirsagar also submits that, in any case, even if an action in infringement does not lie, and which she does not concede, what the

Defendant says is no answer at all to her case in passing off. This is absolutely correct. After all, an action in passing off is an action in deceit.

Oliver LJ in *Reckitt & Colman Products Ltd v. Borden Inc*, [1990] 1 All E. R. 873. first set out these three probanda in the tortious actions in

passing off that we now know as the "Classic Trinity": (i) goodwill owned by a claimant; (ii) misrepresentation; and (iii) damage to that goodwill.

The Classic Trinity places on a plaintiff the burden of proving goodwill in its goods or services, trade dress, brand, mark or even the thing itself. A

plaintiff must also show false representation (it matters not that this is unintended) to the public that leads it to believe that the goods or services of

the defendant are those of the plaintiff. Fraud is not a necessary element, *Laxmikant v. Patel v Chetanbhai Shah & Anr.*, AIR 2002 SC 275. The

test of deception or its likelihood is that of the common person. Here again, the similarity tests used in infringement actions have a role to play: a

court will look to the aural, visual and conceptual similarity. A plaintiff need not prove actual or special damage; a reasonably foreseeable

probability is sufficient.

19. In my view, in this particular case, all three tests are more than amply satisfied. There is no question that the attempt by the Defendant is clearly

to trade on the reputation and goodwill achieved by the Plaintiffs and to claim a common or sharing source, origin or provenance.

20. There then follows another defence in the Affidavit in Reply which is that the Defendant imports KSB bearings from China under an Open

General License. I do not see what difference this makes. If this is so, then the Defendant cannot claim to be the proprietor of the trade mark KSB

at all, and it is unclear on what basis he has then applied for registration of this mark in any class. The Defendant does not deny that his name

appears on the packages of the ball-bearings as a manufacturer. It appears prima facie to be a completely dishonest defence. It is one more

reason, I would imagine, to direct the immediate de-registration of the Defendant's mark.

21. The next submission taken on Affidavit by the Defendant is that KSB, as a mark, is not registered in Class 12, which is meant for

manufacturers of bearings. I must confess I do not know what to make of this defence. It is the Defendant that claims to use the mark in relation to

bearings, not the Plaintiffs. If there was anybody who needed registration in Class 12, assuming that class relates to bearings, it is the Defendant,

not the Plaintiffs. But the Defendant does not admittedly have any registration in Class 12. He claims to have a registration in Class 7. The result, at

least from the Defendant's perspective is unfortunate. As a direct consequence of this submission, the Defendant is or must be deemed to be an

unregistered proprietor or user at least for the purposes of Section 29(4) of the Trade Marks Act, 1999 using dissimilar goods and, therefore,

liable to suffer an injunction. If, on the other hand, the Defendant persists in this claim in regard to bearings falling in Class 12, and given that his

registration is only in Class 7, and if the Defendant additionally claims that the goods both parties deal in are the same, this too does not assist the

Defendant because he would then be liable to suffer injunction under Sections 29(1), 29(2) and 29(3) of the Act. Thus, viewed from either

perspective, this one submission alone is sufficient to warrant the grant of an injunction.

22. The other defences are trivial. I only note them. The last of these is amusing. First, the Defendant says that the packaging and class of

consumers are different. That is hardly a relevant criterion in a matter such as this, and in any case it requires some proof, of which I have none.

The Defendant then alleges that his name is distinctively printed on the boxes as a manufacturer. I can think of very little that could be conceivably

worse as a defence when a mark that is identical in every other respect is adopted.

23. Finally, the Defendant claims that the Plaintiffs are ""Industrial Giants"" whereas the Defendant is ""indulging in cash sales only or credit for a few

weeks"". I have absolutely no idea what this is supposed to mean except perhaps that it is not all right to commit an illegality or theft on a large scale

but that it is perfectly acceptable to do so as some sort of small-scale industry. This kind of submission needs only to be stated to be rejected.

24. I went carefully through the Affidavit in Reply to see whether there was any evidence of actual use by the Defendant. I found none. The

Defendant claims to have an association with a Chinese company. He says that the Chinese company was the proprietor of the mark. Of this too, I

found no material. There can be no question of the Defendant being a prior user. There is no evidence of this either.

25. Ms. Kshirsagar relies on the decisions in *Aktiebolaget Volvo v. Volvo Steels Limited*, 1998 PTC (18) (DB) *SIA Gems and Jewellery Private*

Limited v. SIA Fashion, 2003 (27) PTC 227 (Bom) *H.M. Saraiya Ors v. Ajanta India Limited & Anr.*, 2006(33) PTC 4 (Bom.) and *Kalpataru*

Properties Private Limited & Anr. v. Kalpataru Hospitality & Facility Management, 2011 (48) PTC 135 (Bom.) The law is well-settled and there

can be no quarrel with the propositions she advances.

26. I see no reason to deny Ms. Kshirsagar reliefs in passing off, to which she limits her application. There is a more than sufficient prima facie case

and the balance of convenience certainly favours the Plaintiffs. In this view of the matter, the Notice of Motion is made absolute in terms of prayer

clause (b), which reads as follows:

(b) that pending the hearing and final disposal of the suit, the Defendant by himself, his servants, agents, assignees, distributors and dealers be

restrained by an Order and injunction of this Hon"ble Court from manufacturing, selling, exhibiting for sale, marketing his goods/products/services

bearing the impugned mark ""KSB"" and/or any other mark similar to the Plaintiffs said registered marks ""KSB"" so as to pass off and/or enabling

others to pass off the Defendant's goods and/or services as that of the Plaintiffs goods and/or services as and/or from misleading the traders and

members of the public into believing that the Defendant is in some way connected/associated with the Plaintiffs.