

(2010) 07 DEL CK 0364

Delhi High Court

Case No: I.A. No"s. 7395 and 10983 of 2009 in C.S. (OS) 1031 of 2009

Ashland Licensing And
Intellectual Property LLC

APPELLANT

Vs

Savita Chemicals Limited

RESPONDENT

Date of Decision: July 22, 2010

Acts Referred:

- Trade Marks Act, 1999 - Section 124, 124(1), 124(5), 29, 30(1)

Citation: (2010) 6 ILR Delhi 376 : (2010) 44 PTC 220

Hon'ble Judges: S. Ravindra Bhat, J

Bench: Single Bench

Advocate: Peeyoosh Kalra and J.V. Abhay, for the Appellant; C.M. Oberoi, Pratap Venugopal and Surekha Raman, for the Respondent

Judgement

S. Ravindra Bhat, J.

I.A. No. 7395/2009

1. This order will dispose of a temporary injunction application filed by the plaintiff and a plea u/s 124 Trademarks Act, 1999 (hereafter called "the Act") by the defendant. The plaintiff shall hereafter be referred to as "Ashland".

2. The plaintiff claims ownership of the trademark "ALL FLEET" and says that it is registered in favor of "Ashland Inc," worldwide since 1984. Ashland says that "ALL FLEET" was first registered in the United States of America (USA) in respect of motor oil in Class-4. It is stated that "ALL FLEET" has been registered in India since September 1994 as No. 639705. Apparently, the mark was owned by Ashland Inc, and according to the suit averments, was assigned to the plaintiff in this case in 2005. Simultaneously, Ashland claims to have entered into a license arrangement with Ashland Inc. whereby the latter was conferred the right to use the trademark "ALL FLEET". It is also clarified that Ashland Inc. is the present plaintiff's holding or

parent company. Ashland relies upon a Deed of Assignment effective from 29.06.2005. It is also stated that the plaintiff has sought for registration of the assignment in its favor and has produced a copy of the application made to the Trademark Registry, at pages 195-196 of the list of documents. Ashland says that in India, products under ALL FLEET are manufactured, distributed and marked by "Valvoline Cummins Ltd", a joint venture concern in which the Ashland Inc and Cummins Sales and Services (India) Limited have equal participation. The copy of the license agreement between Ashland Inc and Valvoline Cummins Ltd, dated 10.12.1997 and the copy of another agreement dated 19.02.2007 are relied upon for this purpose.

3. In support of its claim, Ashland says that the parent company has been using ALL FLEET world-wide since 1973 and asserts that Valvoline Cummins Ltd, has been using the mark in India since 1995. Copies of the invoices in respect of the sales of various engine oils and such like products have been produced at pages 138 to 189. These pertain to the period 17.10.1997 to 14.04.2006. It is submitted that the aggregate sales figure for the period 1997-98 to 2008-09 (till February 2009) in respect of ALL FLEET products is to the tune of "4,56,50,09,597/-". The corresponding quantum of sales, it is stated, works out to 5,84,04,397 litres. Ashland has produced sales figures in respect of other brands such as "ALL FLEET SPECIAL", "ALL FLEET COOL", "ALL FLEET GOLD", "ALL FLEET PREMIUM", "ALL FLEET TURBO", "ALL FLEET MULTI", "ALL FLEET EXTRA", "ALL FLEET FIFTY", "ALL FLEET FORTY" and "ALL FLEET THIRTY", at pages 141-150 of the list of documents. Ashland has produced copies of Annual Reports of Ashland Inc, for the period 1998-2003. The annual Reports of Valvoline Cummins Ltd. for 1997-98 to 2006-07 also has been produced. In support of the claim that the plaintiff has rights in respect of word mark "ALL FLEET", the trademark registration certificate in Class-4 (registration dated 09.09.2004 and valid upto 2014) has been produced at pages 6-7 of the list of documents.

4. Ashland submits that in March 2009, it became aware of the sale of engine oils under the brand "SAVSOL ALL FLEET" by the defendant (hereafter referred to as "the impugned mark"). The suit has reproduced visual depiction of the mark and the container. Ashland urges that the defendant company is in the same line of business as its affiliate, as such Valvoline Cummins Ltd cannot possibly deny knowledge of its (Ashlands) existing ALL FLEET trademark or its source. It is claimed that the defendant's use of ALL FLEET as part of its label and trademark is aimed at alluring and diverting the plaintiff's customers and also trading on its goodwill. The plaintiff submits that being the previous owner and prior user of the mark and also owner of ALL FLEET, which has been in use in the market since 1995, the continued exploitation of the mark by the defendant would amount to infringement and passing-off and also dilution of its distinctiveness. It is urged that the Court should, therefore, grant an ad interim temporary injunction.

5. The plaintiff relies upon the judgments reported as *Modi Threads Limited v. Sam Soot Gola Factory and Anr.* AIR 1992 (Delhi) 44 and *Astrazeneca UK Ltd. and Anr. v. Orchid Chemicals and Pharmaceuticals Ltd.* 2006 (32) PTC 733 (Delhi) to submit that as long as the trademark owner applies for transfer of registration, he cannot be deprived of the right to sue a party guilty of infringing the registered trademark. The plaintiff relies upon the judgments reported as *Living Media India Limited v. Jitender. V. Jain* 2002 (25) PTC 61 (Delhi); [Globe Super Parts Vs. Blue Super Flame Industries](#), ; *Godfrey Phillips India Limited v. Girnar Food and Beverages* 2005 (30) PTC 1, to say that even if a trademark partly contains descriptive words, as long as the plaintiff can establish their secondary usage or acquired distinctiveness, the Court would extend injunctive protection.

6. In response to the defendant's argument that the suit should be stayed u/s 124 since an application for rectification is pending, and that the mark is inherently descriptive and, therefore, not entitled to be protected, the plaintiff relies upon the decision reported as *Health and Glow Retailing Private Limited v. Dhiren Krishna Paul* 2007 (35) PTC 474 to say that such objection can be raised only at the pre-registration stage. The plaintiff also relies upon [Laxmikant V. Patel Vs. Chetanbhat Shah and Another](#), , to submit that rival or competitor in the mark, who sells his goods or services under a trademark which closely resembles or is identical with the plaintiffs' does so at the peril of an injunction as the Court will consider the resulting injury to reputation to its (the plaintiffs') goods by such association. The plaintiff submits that having regard to the principles enumerated in *Midas Hygiene Industries v. Sudhir Bhatia* 2004 (28) PTC 121, the Court should grant the injunction claimed.

7. The defendant in the written statement resists the suit and the claim for temporary injunction, besides urging that the Court should stay the suit as it has preferred an application for rectification of the Trademark Register. The defendant claims that its use of ALL FLEET does not amount to infringement or passing-off, so as to attract Section 29 of the Act. In essence, the defence is that use of ALL FLEET is descriptive of the goods, i.e. mobile, engine oils and that registration of the mark does not clothe Ashland or any other alleged trademark owner with exclusive rights. Ashlands' right to maintain the suit is also questioned; the submission in this respect is that the assignment in the plaintiff's (Ashlands') favor has not been registered and so long as such event does not occur, a suit for alleged infringement does not lie.

8. The defendant's submission that Ashland Inc and Valvoline Cummins Ltd are different entities and, therefore, cannot constitute one concern so as to entitle the plaintiff to claim user in respect of the ALL FLEET trademark. The defendant also denies that the plaintiff has an established reputation in respect of the ALL FLEET mark. It is pointed-out in addition that in the Trademark Register of the United States Patent Trademark Office, the ALL FLEET mark of VALVOLINE, Ashland Oil Inc

had included a disclaimer to the effect that "no claim is made to the exclusive right to use "ALL FLEET" apart from the mark as shown". The defendants, therefore, urge that "ALL FLEET" is a combination of many words and under no circumstance can exclusivity be granted, since use of those words as in the present instance, describes the goods.

9. It is urged that registration of a mark only entitles its owner to urge the prima facie nature of its validity. As to whether it has acquired distinctiveness in terms of the allegation in a suit is a matter of evidence that has to be carefully considered by the Court. The defendants rely upon the decision reported as Lowenbrau AG and Anr. v. Jagpin Breweries Ltd. and Anr. I.A. No. 11355 : Suit No. 1810/2007 decided on 14.01.2009, for the submission that the Court adopts a very circumspective approach while granting or refusing injunction in respect of goods traded under descriptive marks. A similar decision in Clinique Laboratories LLC and Anr. v. Gufic Limited and Anr. decided on 09.04.2009 in I.A. No. 15425/2008 : Suit No. 2607/2008 is relied upon. It is urged lastly that having regard to the principles underlined in Section 9, the registration claimed by the plaintiff was erroneously granted and the Court should take note of such fact and stay the suit u/s 124 of the Act.

10. The above discussion discloses that "ALL FLEET" mark was registered in India and has been used since 1995. The documentary materials on record show that the sales turn-over for 1997-98 was Rs. 7,42,42,288/- and the corresponding quantity of engine oil sold was 15,08,440 litres. This had increased, in 2008-09 (up to February 2009) to a turn-over figure of Rs. 7,64,47,920/- and corresponding sales figure was 78,13,795 litres. The trademark registration was effective from 09.09.1994 in favor of Ashland Inc. The plaintiff claims to be assignee and in turn urges that a joint venture concern between Ashland Incorporated, its licensee and Valvoline Cummins Ltd. has been using the mark.

11. Now, the copies of label containing Ashland's mark are on record. The word-mark ALL FLEET has been used in conjunction with "VALVOLINE" and the letter "V" has been depicted prominently. The question is whether the use of the words ALL FLEET by the defendant, who concededly are not registered users and who also do not claim to be prior users of the mark amounts to infringement or passing-off. Both the plaintiff and the defendant use the mark in relation to engine and motor oils, lubricants and allied products. The defendant's mark is "SAVSOL ALL FLEET TURBO".

12. The Court will first address to the question as to whether the plaintiff can maintain the suit since Ashland Inc was the first owner and the present use of the mark is by Valvoline Cummins Ltd. - a 50:50 joint venture between Ashland Inc, and Cummins Sales and Service India Ltd. Here, the judgment of this Court in George V. Records, SARL v. Kiran Jogani and Anr. 2004 (28) PTC 347 is instructive. The Court had in that case held that for the purpose of trademark usage, it is open to one corporate entity within a group to rely on the usage by a company or concern which

is part of the same group. The Court relied upon the ruling in *Revlon v. Cripps & Lee* 1980 FSR 85 and *Food Distributors v. London Borough of Tower Hamlets* 1976 AHER 462 where it was held that

there is evidence of general tendency to ignore the separate legal entities of the various companies within a group and to look instead at the economic entity of the whole group.

Here the plaintiff has placed materials on record to show that Ashland Inc, was the original trademark owner and that it assigned ownership to the present plaintiff. The averments and materials also point to an arrangement with Cummins Sales and Service Limited for use of the mark by Valvoline Cummins Ltd. In the circumstances, the plaintiff is prima facie entitled to maintain and institute the present suit.

13. The next question is whether the suit for claiming infringement or passing-off at the behest of the plaintiff, assignee of the trademark, is maintainable in the absence of registration of such transfer. Here too, the Court does not have to revisit the issue, as the Division Bench had observed in *Astrazeneca UK Ltd. and Anr. v. Orchid Chemicals and Pharmaceuticals Ltd.* 2007 (34) PTC 469 (Delhi), that so long as an application is pending with the Registrar of Trademarks, the rights emanating from the assignment cannot be denied to the assignee, who might want to assert it. The Court went on to hold that registration of such assignment by itself does not confer title but is merely evidences it. In these circumstances, it is held that the objection as to maintainability on the ground that the assignment in favor of Ashland, the plaintiff is not recorded is unmerited; same is, therefore, rejected.

14. The next issue which the Court has to consider is whether use of the expression or trademark "ALL FLEET" is inherently descriptive so as to disentitle the plaintiff for an injunction. There is no dispute that the mark has been in existence and use since 1995. The plaintiff has also demonstrated concurring sales of its brands displaying the same trademark. The plaintiff has also adverted to the advertisement and publicity expenditure incurred in this respect. The principles applicable for grant of an injunction in case of a composite suit for infringement and passing-off have been enumerated in *Astrazeneca UK Ltd. and Anr. (supra)*. Long ago in [Kaviraj Pandit Durga Dutt Sharma Vs. Navaratna Pharmaceutical Laboratories](#), the Supreme Court held that if the use by the defendant of the impugned mark is claimed to infringe the plaintiff's mark and is shown to be in the course of trade, the Court has to consider the claim by examination of the two marks and that if the two marks are identical, no further question would arise. This was restated in [Ruston and Hornsby Ltd. Vs. The Zamindara Engineering Co.](#), as

In an action for infringement where the defendant's trade mark is identical with the plaintiff's mark, the Court will not enquire whether the infringement is such as is likely to deceive or cause confusion. But where the alleged infringement consists of using not the exact mark on the Register, but something similar to it, the test of

infringement is the same as in an action for passing off. In other words, the test as to likelihood of confusion or deception arising from similarity of marks is the same both in infringement and passing off actions.

15. The defendants here did not argue that the marks are dissimilar. Indeed, the plaintiff's mark is a word mark and is used as a part of the label under which the subject products are sold. The defendant too uses the same word mark as part of its label to sell the same class of goods. The marks are identical; the goods are the same and fall within the same class in the Schedule to the Trademarks Act. The defendant has also not argued as to what impelled it to use "ALL FLEET" mark or expression as part of the label. Its written statement is silent as to the point in time since when it has been using the mark. Beyond denying the suit averments, the defendant does not set-up a case for prior user or put-up any defence as to the original usage of the words "ALL FLEET" with the expression "SAVSOL".

16. In these circumstances, the question that the Court would have to consider is whether the defendant's further contention that "ALL FLEET" being inherently descriptive, disentitles the plaintiff to any injunctive relief and that the mark itself is liable to rectification for which an application is pending before the concerned trademark authorities.

17. The word mark ALL FLEET is a combination of two common words. Further "ALL FLEET" can conjure up not one, but several meanings. The word "FLEET" means a group of ships sailing together or a country's navy or a number of vehicles or aircraft operating together (Concise Oxford English Dictionary Revised 10th Edition). It also implies, as an adjective - someone who is fast and nimble; some of its lesser known meanings include "in shallow waters" or "of small depth" and the idea of flowing or swimming. Used in conjunction with "ALL", the two words can virtually imply hundreds of ideas. In the context of cars or automobiles, "ALL FLEET" prima facie would lead to the natural meaning of the entire fleet of vehicles. However, if it is used in relation to a product, then alone would the reader's mind be focused to the suitability of such product or service to the entire (i.e. all) fleet. It is thus apparent that while "ALL FLEET" is undoubtedly a conjunction of two common words, it does not and cannot have one natural descriptive manner as is ascribed by the defendant.

18. In the present case, the Court is not examining whether the registration granted to "ALL FLEET" requires to be cancelled. What has to be considered is whether the defendant's usage of "ALL FLEET" infringes the plaintiff's mark or amounts to passing-off. The judgment in Health and Glow Retailing Private Limited (supra) states that such objections as to registration can be considered at a pre-registration stage and would not be admissible in the Court. The Madras High Court observed there as follows-

the objection that the trademark of the plaintiff was not an invented word and hence not entitled to protection could have been raised only at a pre-registration stage, but after registration, a person is entitled to raise such an objection only by taking recourse to the remedies available under the Act (such as revocation of the Register) and not by committing an infringement. Otherwise, the proprietor of a registered mark would have no more protection than the proprietor of an unregistered mark.

19. In view of the above proposition, which this Court is in agreement with, it is held that the defendant's argument about the Ashland's disentitlement to injunction on the ground that the mark is descriptive, cannot be countenanced. It is accordingly rejected.

20. That brings this Court to a consideration of the defendant's submission that the suit requires to be stayed by virtue of Section 124 of the Trademarks Act. Section 124 reads as follows:

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124. Stay of proceedings where the validity of registration of the trade mark is questioned, etc.-(1) Where in any suit for infringement of a trade mark -

(a) the defendant pleads that registration of the plaintiff's trade mark is invalid; or

(b) the defendant raises a defence under clause (e) of Sub-section (2) of Section 30 and the plaintiff pleads the invalidity of registration of the defendant's trade mark,

the court trying the suit (hereinafter referred to as the court), shall,-

(i) if any proceedings for rectification of the register in relation to the plaintiff's or defendant's trade mark are pending before the Registrar or the Appellate Board, stay the suit pending the final disposal of such proceedings;

(ii) if no such proceedings are pending and the court is satisfied that the plea regarding the invalidity of the registration of the plaintiff's or defendant's trade mark is prima facie tenable, raise an issue regarding the same and adjourn the case for a period of three months from the date of the framing of the issue in order to enable the party concerned to apply to the Appellate Board for rectification of the register.

(2) If the party concerned proves to the court that he has made any such application as is referred to in Clause (b)(ii) of Sub-section (1) within the time specified therein or within such extended time as the court may for sufficient cause allow, the trial of the suit shall stand stayed until the final disposal of the rectification proceedings.

(3) If no such application as aforesaid has been made within the time so specified or within such extended time as the court may allow, the issue as to the validity of the registration of the trade mark concerned shall be deemed to have been abandoned

and the court shall proceed with the suit in regard to the other issues in the case.

(4) The final order made in any rectification proceedings referred to in Sub-section (1) or Sub-section (2) shall be binding upon the parties and the court shall dispose of the suit conformably to such order in so far as it relates to the issue as to the validity of the registration of the trade mark.

(5) The stay of a suit for the infringement of a trade mark under this section shall not preclude the court from making any interlocutory order (including any order granting an injunction, directing account to be kept, appointing a receiver or attaching any property), during the period of the stay of the suit.

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Application for rectification of register to be made to Appellate Board in certain cases.

21. The defendant in this case has argued that "ALL FLEET" is highly descriptive and not registrable u/s 9 of the Act; that an application for rectification has been filed before the Intellectual Properties Appellate Board (IPAB) and that the same is pending. The plaintiff argues that such an application has to be dealt with in terms of Section 124(i)(a)(ii) since rectification proceeding was filed after institution of the present suit. this Court is of the opinion, having regard to the ruling in Clinique Laboratories LLC and Anr. (supra) and the clear terms of Section 124(1) that it possesses discretion to accept or reject the defendant's request for stay only if no proceedings are pending and upon satisfaction that the plea regarding invalidity of the concerned mark is prima facie tenable. This is emphasized by the fact that the defendant's plea of existence of a registration can be equally subjected or counter-claimed or can be equally subjected to a stay u/s 124(1)(i). In other words, the rigor of a statutory stay would apply once it is brought to the notice of the Court that a rectification proceeding is pending. The Court would be within its discretion to consider the tenability of the challenge only if in the absence of a rectification proceeding, upon the plea raised by either of the parties, under Clause (ii) of Section 124(i)(b). However, in either case, the Court is not precluded from making an interlocutory order, including granting injunctive relief u/s 124(5).

22. Having regard to the above conclusions, this Court is of the opinion that the plaintiff's application for ad-interim temporary injunction has to be granted. The defendant, its representatives or anyone acting on its behalf are hereby restrained from using the mark "ALL FLEET" or any other deceptively similar mark or any other mark identical to it, either singularly or in conjunction with any other term in relation to any goods or services sold or offered for sale by it (the defendant), till final orders in the suit. I.A. No. 7395/2009 is allowed in the above terms.

I.A. No. 10983/2009

23. The defendant seeks extension of time to bring the written statement on record. The written statement and replication have been placed on record. I.A. No. 10983/2009 is accordingly formally allowed, subject to just exceptions.

CS (OS) 1031/2009

24. In view of the findings recorded in I.A. No. 7395/2009 about the applicability of law u/s 124(1), further proceedings in the suit are stayed to await decision by the IPAB.

List the matter for appropriate orders and further proceedings, on 05.01.2011.