

Whirlpool Co. and Another Vs N.R. Dongre and Others

Court: Delhi High Court

Date of Decision: Oct. 31, 1994

Acts Referred: Civil Procedure Code, 1908 (CPC) â€” Order 39 Rule 1

Citation: (1994) 4 AD 667 : (1994) 56 DLT 304 : (1995) 32 DRJ 318

Hon'ble Judges: R.C. Lahoti, J

Bench: Single Bench

Advocate: I.M. Chagla, Michael Fysh, A.R. Lal, C.M. Lal, D.S. Oberoi, S.S. Rana, B. Rana, Deepika Chaudhary, Ashok Sen, G.L. Sanghvi, N.K. Anand, Parveen Anand and K. Pratibha, for the Appellant;

Judgement

R.C. Lahoti, J.

(1) This is an application filed by the plaintiffs under Order 39 Rule 1 & 2 CPC seeking grant of an ad-interim injunction preventing the defendants

from passing off their goods as the plaintiffs", in breach of the plaintiff's trade mark ""WHIRLPOOL"".

(2) The suit was filed on 4.8.94. The plaintiffs' application came up for consideration on 5.8.94. The counsel for the plaintiffs had pressed for the

grant of an ad-interim injunction ex-parte. However, the defendants had entered in appearance and were willing to accept notice. Copies of the

pleadings with documents were delivered to the defendants. The defendants filed their counter-affidavit and have joined in hearing which

commenced on 8.8.94. The documents filed on behalf of the plaintiffs are voluminous preserved into several boxes. The defendants have filed a

brief affidavit which only was possible in view of the short time available at their disposal. They have joined in hearing reserving their right to file

detailed affidavits and documents contesting the plaintiffs prayer.

(3) Whirlpool Corporation, the plaintiff No. 1 is a multinational, incorporated in USA. Tvs Whirlpool Ltd., the plaintiff No. 2 is a limited company

incorporated in India wherein the plaintiff NO. 1 has a majority shareholding. The plaintiff No. 2 has been licensed by the plaintiff No. 1 to use the

trade mark and trade name Whirlpool.

(4) The defendants No. 1 & 2 are the trustees of a trust by the name of Chinara Trust. The defendants No. 3 and 4 are the trustees of a Trust by

the name of Mansarovar Trust also trading as Usha Shriram (India). Usha International Ltd., the defendant No.5 is a company incorporated under

the Indians Companies Act. The defendants have registrations in respect of trade marks such as Usha, USHA SHRIRAM and Usha LEXUS.

(5) According to the plaintiffs, they have established business in the manufacture, sale, distribution and servicing of washing machines of all kinds.

The first plaintiff is the successor of a trade mark Whirlpool since 1937. Automatic washer was introduced in 1947. Thereafter the plaintiff No. 1

has carried out vigorous advertising and sale campaign publicizing its products. By 1957 Whirlpool was a leading trademark and name in the

United States and Canada in relation to washing machines. In the plaint narration has been made in details as to how the plaintiffs' trade has

expanded holding firm and firmer grounds day by day and year after year, making its headway to going global. The plaintiffs predecessor had

obtained registration for the Whirlpool mark in the United States in the year 1937. By 1986 the Whirlpool was registered in relation to washing

machines and dryers in class 7 as well as for appliances in classes 9 and 11 in more than 65 jurisdictions around the world including most

commonwealth countries.

5.1 In 1956-57, the first plaintiff obtained registration for the trade mark Whirlpool in India as under :

Registration Class Goods Date of No. Registration

173,296 7 Clothes dryers. Washers, Feb. 22, 1956 dishwashers 173,297 9 Vacuum cleaners Feb-22, 1956 173,298 11 Ac dehumidifiers, freezers,

garbage Feb. 22, 1956 disposer, etc.

5.2 The registrations were renewed at the due time. In 1977, the plaintiff did not have any distributor in India owing largely due to import

restrictions and Govt. of India limitations regarding setting up a joint venture. The first plaintiff had given instructions for the renewal of registrations

in Classes 7 and 11. However, the registrations were not renewed and rather lapsed. The reason assigned by the plaintiff is miscommunication

involving outside trade mark counsel. In 1980, the first plaintiff decided not to reapply under a mistaken impression, (as alleged), that the first

plaintiff was not entitled to trade mark registration as it was not having any use in India which was necessary to apply for trade mark registration.

5.3 In 1987, the first plaintiff formed a joint venture with the plaintiff No. 2. On 15th July, 1988, the plaintiffs moved several applications for

registration with the Registrar of Trade Marks details whereof are given in plaint para 24. The applications other than the following relate to

appliances and articles. The following applications are relevant to quote :

Whirlpool 15.7.88 Clothes laundering and washing machines, clothes drying machines, dishwashers, food waste disposers, household trash

compactators, food mixing and blending machines and electrically operated refrigeration and air conditioning compressors.

494409 Whirlpool

15.7.88 Clothes

laundering and with swirl washing machines, clothes and Ring drying machines, dishwashers, food waste disposers, household trash compactators,

food mixing and blending machines and electrically operated refrigeration and air conditioning compressors. 494410 Whirlpool 15.7.88 Clothes

laundering and with Swirl washing machines, clothes drying machines, dishwashers, food waste disposers, household trash compactators, food

mixing and blending machines and electrically operated refrigeration and air conditioning compressors.

The applications are pending with the Registrar of Trade Marks.

5.4The plaintiff also makes a detailed narration of the figures of sales, advertisements and of magazines

5.5However, since 1990, the second plaintiff has been giving considerable publicity to the Whirlpool mark and trading name. The washing

machines are bei marketed by the second plaintiff in India under the Tvs Brand Along with using the phrase ""in collaboration with Whirlpool

Corporation"". This is consequent to a collaboration entered into between the two plaintiffs in 1987.

(6) As already stated the defendants have filed a short counter in view of the paucity of time available at their disposal.. Instead of noticing their

pleas in details, it would suffice to sum up the contentions on which they oppose the plaintiff's prayer and propose to defend themselves. They are

(I)that admittedly the plaintiffs have not secured renewal of the registration of their trade mark in India since 1977, the reasons being

inconsequential; Admittedly, plaintiff No. 1 did not have full scale commercial use of the trademark in India; this would amount to abandonment of

the trademark by plaintiff No. 1;

(II)that the plaintiffs cannot claim the said trademark Whirlpool having become associated with the plaintiffs in the mind of the customers in India;

any right by user of any trademark in regard to trade and exclusive right to use the same by any person can only be territorial in nature; nobody can

claim exclusive right to use a trademark in a territory or locality where it has not sold the goods with the said trademark or acquired any reputation

therein of any exclusive appropriation or use of the trademark;

(III) that the defendants have secured the registration of the trademark Whirlpool in India. Sections 27, 28 and 31 of the Trademarks Act make the

registration conclusive and enable the defendants not only to use the trademark, it also entitles them to restrain the plaintiffs from using the trade

mark. It would also be a complete defense in a passing off action.

6.1 In addition, the defendants have set up the pleas of delay, acquiescence and laches on the part of the plaintiffs in initiating the present action as a

bar to the relief of injunction. It will be useful to notice the chronology of events in this behalf inasmuch as it would be necessary not only to test the

plea of delay but also in another context. The same are set out in the succeeding paragraph.

6.2 On 6th Aug, 1986, Chinara Trust filed an application in form TM-I for registration of the trademark Whirlpool. On 16.10.1988, it was

advertised in the Trademark Journal. On 6.1.1989, plaintiff No. 1 filed a notice of opposition in form TM-5. On 21.9.1989, counter statement

was filed by Chinara Trust. The enquiry then proceeded. On 12.8.1992, the Asstt Registrar of Trademarks passed an order dismissing the

opposition and allowing the application to proceed for registration. On 30.11.1992, the registration certificate has been granted to defendants u/s

23 of the Trade & Merchandise Marks Act, 1958. The defendants have thus become the registered proprietor of the trademark Whirlpool with

effect from 6.8.1986, the registration being effective from the back date.

6.3 Against the order dated 12th August, 1992, the plaintiff No. 1 has preferred an appeal to Delhi High Court. The appeal is still pending. No

interim order has been passed by the High Court. On 4.8.1993, plaintiff No. 1 has filed a petition in the High Court of Delhi under Sections 46 and

56 of the Act for expunging the registration of trademark No. 458134 in favor of Chinara Trust. This matter is also pending.

6.4 According to the defendants there is a delay of five years and eight months in bringing the present suit by the plaintiffs calculated from the

initiation by Chinara Trust of the proceedings for registration of the trademark Whirlpool putting the plaintiffs on notice of the defendants adoption

and use of the trademark.

(7) Here itself it would be useful to notice a few findings recorded by the Assistant Registrar of Trademarks. However, what is the weight to be

assigned to these things will be a different matter to be considered at an appropriate place. The findings to be noticed are those which both the

parties have extensively read from the order holding them out to their respective advantage and to the extent to which they support the case of

either party. The learned Assistant Registrar has held that the use and reputation of the mark must be in India and that the opponents (plaintiff No.

1 herein) ""have not given any evidence of use and reputation of the trademark Whirlpool in India"". The Asstt Registrar has further held :

since the opponents (plaintiff No. 1 herein) have not discharged their onus of establishing the use and reputation of their trademark Whirlpool in

India, it cannot be concluded that the use of the same mark by the applicants (defendants) in respect of washing machines during the course of

their trade in fair and normal manner shall be likely to deceive or cause confusion in the minds of the purchasing people.

at one place the Asstt Registrar has held :

there can not be any assertion of proprietorship of trademark Whirlpool in respect of the washing machines by the opponents (plaintiff No. 1

herein) in view of the fact that they are neither using the mark in India, nor are the registered proprietor of that mark in India. They had the

registration of their mark in India somewhere in 1956-57 which they abandoned deliberately as per their statement at para 4 of their affidavit dated

5.12.1990, where they have stated that : there were severe import restrictions preventing the free import of my company's goods into India and

my company did not see any probability of import restrictions being eased in the foreseeable future. For this reason the registration No. 173297

was also allowed to lapse.

7.1 Before the Asstt Registrar the opponent i.e. (plaintiff No. 1 herein) had opposed the grant of application for registration by submitting that the

applicant had failed to establish conclusively its proprietorship of the trademark before applying for its registration. The Asstt Registrar has said:

SECTION 18(1) does not require that the applicants must be using the mark in the present. An applicant can claim the proposed user of the mark

in future. Thus, if an applicant is not using a mark in the present or has not established such use it cannot be said that he has no claim to the

proprietorship of the mark even for proposed use in future

7.2 From the above noted passage the plaintiff's counsel have developed an argument that the defendants had failed to establish use of the

trademark Whirlpool by them by then. They were merely "claiming" its registration. In other words, the defendants were not marketing washing

machines with Whirlpool trademark in the market till 1992. This circumstance is relied on by the plaintiffs as a counter-blast to the defendants"

attack on the plaintiffs on the ground of delay, acquiescence and laches.

(8) I have heard Mr Michael Fysh, Queens Counsel for the plaintiff, Mr. A.K. Sen., and Mr. G.L. Sanghi Senior Advocates for the defendants.

Mr Ibqal Chagia Sr Advocate Bombay has also been heard at the stage of rejoinder submissions on behalf of the plaintiff.

(9) The principles as to the grant of interim injunction in cases relating to infringement of trade mark and passing off actions are too well settled to

be restated. The American Cyanamide Co vs. Ethon 1975 (1) All ER 584 is an oft-quoted decision. Law has been stated by the Supreme Court

in Ram Pal Singh v. Riaz Ahmad Ansari, 1990 Scc (Supp) 726. Both these decisions and other cases have been referred to in a recent decision of

the Supreme Court in Power Control Appliances and Others Vs. Sumeet Machines Pvt. Ltd., . The questions of prima facie case, balance of

convenience and irreparable injury would be examined and the case decided thereon, just like any other case. The injury to the plaintiff must be

actual and substantial. The application for interlocutory injunction should have been made with promptness. Improper and unexplained delay may

be fatal. The court would if convinced, maintain the status quo prevailing on the date of the suit or on the date of the accrual of the cause of action.

It will be of much relevance to see if the defendant is yet to commence his enterprise or whether he has already been doing, what the plaintiff seeks

to be restrained.

(10) In the opinion of this court the issues arising for decision between the parties at this stage may be crystallised into the following four, specially

keeping in view the emphasis in submissions made by the learned counsel for both the sides :

(1) If plaintiff No. 1 was not having any sales in India but was having sales in the trademark Whirlpool in other countries/ geographical regions of

the world, can the plaintiffs have the benefit of "trans-border reputation" so as to maintain passing off action in India or should their goodwill/

reputation be treated confined to territories in which they have proved actual user of the trade mark in market?

(2) Whether the plaintiff No. 1 can be deemed to have abandoned the trademark Whirlpool in India since 1977?

(3A) What is the effect of registration of the trade mark in India obtained by a defendant on a passing off action filed by one who does not have

such registration?

(3B) What is the effect of the pendency of appeal against the order of registration of trademark?

(4) Whether the plaintiffs can be justifiably accused of culpable delay, acquiescence and Laches so as to disentitle them from the relief of injunction

(11) Question No. 1 It cannot be denied that .in so far as ""Whirlpool"" is concerned, plaintiff No. 1 has been the first in point of time to be in the

market, the question of exact geographical reasons apart. The defendants' earliest claim to user commences in July/August, 1986, the date of their

application for registration, though this claim is seriously disputed by the plaintiffs.

(12) A perusal of the affidavits and the documents filed on behalf of the plaintiffs leads to the following factual inferences :- A. ""Documented sales

to India of Whirlpool branded products:

_____	Date Particulars
Documents	

_____	Us Govt stand arise
Ex.V to Retha 1978	

Whirlpool clothes Martin's affidavit washers & dryers for (page 643) purchaser by Embassies in India and USAID.

B. Sales to the Us Embassy and Us Aid in India.

_____	Date Sales To Units
Documents	

_____	1982 Usaid, 64 Ex.P to
Charie N. Delhi	

Miller's affidavit (Pg-179) 1982 Usaid, 8 Ex.P to Charie N. Delhi Miller's affidavit (Pgl79) 1983 Usaid, 31 Ex.P to Charie N. Delhi Miller's

affidavit (pgl79) 1984 Usaid, 4 Ex.P to Charie N. Delhi Miller's affidavit (Pg 179) 1985 Usaid, 65 Ex.P to Charie N. Delhi Miller's affidavit (Pg

179) 1986 Usaid, 80 Ex.P to Charie N. Delhi Miller's affidavit (Pg 179)

C.Ex. W to Retha Marines affidavit contains Shipping Documents obtained from the Us Empassy in New Delhi in respect of purchases made by

them of Whirlpool branded washing machines and dryers. Some of these purchase order pre July, 1986 are dated August, 1985, December,

1985, January, 1986, June 1986 and July, 1986.

D.Ex. X of Retha Martin's affidavit contains copies of property cards of washing machines purchased by the Us Embassy during the year 1980 to

1982. These cards reveal that these machines purchased by the Us Embassy after about 3 or 4 years are sold through auction to the general

public. The earliest documented sales through auction is in the year 1986.

whirlpool has been frequently advertised and has featured in international magazines having circulation in India. Given hereunder is a list of pre July

1986 magazines filed in these proceedings :

_____	Magazine Issue Document
National Geographic	

Aug. 1980 does filed in box 14 Feb. 1983 "" May. 1985 "" April 1986 "" July, 1986 "" Life June,28,1968"" "" July 18,1969"" "" August 1983"" "" Sept

1983"" "" May 1985"" "" Fortune June, 1957"" "" Redbook July 1986"" Ladies Home January 1985"" "" Journal March,1986"" "" April 1986"" "" July, 1986"

WOMAN"S Day July 7,1987"" "" House Beautiful August, 1985"" "" Better Home & July, 1984"" "" Garden April, 1986"" "" June 1986"" "" July,1986""

all these magazines have been purchased in India and in fact some of them have the date stamp of Ibd (India Book Distributors) on the back page.

Circulation Figures of some of these magazines in India were also obtained from Ibd and appear in the affidavit of Dinesh Sharma.

(13) Though the pleadings, documents and affidavits filed by the plaintiffs positively make out a case of actual sales by the plaintiffs of Whirlpool

products including washing machines in a number of geographical regions around the world, in so far as India is concerned, the plaintiffs No. 1

does not make out a case of actual sales in the markets in India. The plaintiff No. 1 has made limited sales to Us Embassy and Us Aid in India.

However, the products have been advertised in magazines having international circulation including in India.

(14) On behalf of the defendants reliance is placed on the law stated in the American jurisprudence (74 American Jurisprudence 2d, para 17 at pp

714-715) which reads as under :

17.Territorial extent of rights;

although there is some authority to the effect that the right of property in a trademark is not limited in its enjoyment by territorial bounds, the general

rule, in the absence of any statutory provision to the contrary, is that the right to the exclusive use of a trademark or trade name is limited to the

territory of markets wherein it has become established as such by actual use. It follows, under the general rule stated, that where the same mark or

name has been lawfully adopted and used by different persons in different localities, neither may use the mark or name in competition with the other

in territory which is already" occupied by such other.

A foreign trademark depends for its protection in a particular country, upon the law prevailing there, and will confer no rights except by consent of

that law. While an- alien owner of a trademark will ordinarily be protected against infringement or unfair competition, the prior use of a trademark

in a foreign country does not entitle the owner thereof to claim exclusive trademark rights in the United States as against one who, in good faith,

had adopted a like trademark for the same character of goods prior to the entry of the foreigner into the domestic market.

(15) It will be useful also to notice the law summed up and stated in Halsbury"s laws of England (Vol 48 Para 156 and 180) :

156.Whether actual trade need have commenced. - A passing-off action can be sustained prior to the actual commencement of trading by the

plaintiff. A plaintiff may acquire a substantial reputation prior to making sales of a product or service because of advance advertising and press

publicity and, in such a case, may sue others who seek to trade on the reputation which he has acquired. A company may in some circumstances

acquire a reputation and goodwill that is able to be protected even before its formal incorporation and within hours of the announcement of its

intended formation. Where a plaintiff has incurred considerable expense making preparations for the launch of a product which will rapidly acquire

a reputation once launched, a defendant who commences advertising before the plaintiff with the intention of defeating the plaintiff's acquisition of

an exclusive right" to the mark concerned may be restrained by a quia timed injunction..

180.Actions by foreign traders. - A number of considerations arise when a plaintiff seeks to restrain the use in the United Kingdom of a name,

mark or other indicia under which he has carried on business abroad. First, a plaintiff in any case of passing off must prove a reputation extending

to the geographical , area in which the defendant's use of the name, mark or other indicia complained of is taking place, whether this is another

part of the country in which the plaintiff trades or in a different country, for if he has no reputation in the United Kingdom then the defendant's use

of a similar name or mark cannot involve any misrepresentation. If the plaintiff can establish that a substantial number of persons with whom the

defendant intends to trade in the United Kingdom know of the plaintiff and will believe that the defendant's business is a branch of or connected

with the plaintiff's business, so that the element of misrepresentation is established, the plaintiff must further show, as in any passing-off action, that

the misrepresentation poses a real and tangible risk of injury to his business or goodwill.

However, is unclear whether there is an additional requirement that the plaintiff must carry on business in, or at least have a trade extending to, the

country in which he seeks to restrain the defendant from using the mark or name, or whether the geographical separation of the plaintiff's business

from the defendant's is factual element which merely makes it difficult, but not impossible in all circumstances, for a plaintiff to show that the

defendant's activities are likely to cause him substantial damage. What is clear is that a plaintiff who has no place of business in the United

Kingdom and does not directly trade there but whose goods are imported by others can acquire a reputation and goodwill that is able to be

protected. A business carried on abroad but which corresponds with customers in the United Kingdom can likewise acquire a reputation and

goodwill able to be protected.

it is more doubtful whether passing off can be established where the plaintiff's goods or services are not marketed in the United Kingdom but his

customers who have come across his goods or services abroad reside in or come to the United Kingdom, although in one such case an

interlocutory injunction was granted. However, it has been held that a plaintiff whose establishment in Paris had been advertised in England through

travel agents and who had some customers in England who had visited Paris, could not maintain a passing off action in England against a defendant

who had adopted the name of the plaintiff's establishment and used similar advertising with the intent of exploiting the plaintiff's reputation, because

goodwill could not be acquired without actual user in England. This decision has been criticised as wrongly decided and tenuous user in the United

Kingdom has been treated as justification for protection of a reputation primarily acquired by trade abroad but the case has been cited with

approval by the court of Appeal.

the extent to which a reputation acquired by trading abroad may be protected in the United Kingdom may depend to some extent upon whether a

trade is to be treated as a matter of law as having a separate goodwill in each country in which he trades or whether the confining of goodwill to a

particular country or area is a question of fact pending on the trading patterns and circumstances involved. If goodwill is to be treated as a matter

of law as stopping at frontiers there may still be cases where the defendant's activities are likely to cause damage to the plaintiff's business in the

country or countries where he trades.

(16) It is clear that in Usa and Uk, passing off action can be maintained based on trans-border reputation in defined category of cases.

(17) In so far the law in India is concerned, it would suffice to notice a recent decision of this Court in William Grant & Sons Ltd Vs McDowell &

Co Ltd. (Suit No. 2532/93 decided on 27.5.94), Mahinder Narain J. ; William Grant and Sons Ltd. Vs. McDowell and Compay Ltd., has

noticed the law laid down by foreign courts. He has also approved the view taken by a Division Bench of Bombay High Court in Kamal Trading

Co vs. Gillette Uk Ltd (1988) 1 PLR 135. Reiterating his own view taken earlier in Apple Computer Inc. Vs. Apple Leasing Of industries,

reported as 1992 (1) Arb.L.R. 93, he has held:

I had occasion to deal with trans-border reputation and observations of lord Diplock in a case reported as Apple Computer Inc. V.Apple Leasing

& Industries reported as 1992 (1) Arb. L. R. 93. After referring to the cases of Irish courts in C&A Modes 1978 Fsr 126 and other cases

reported as Panhard Leavassor's case (1901) 18 Rpc 405, Poiret v. Jules Poiret Ltd. (1920) 37 Rpc 177; Sillrat on Corporation 1964 Rpc

202 and Globe Elegance 1974 Rpc 603. I said that the Indian courts have recognized the existence of trans-border reputation. The trans-border

reputation had, particularly, been recognised in the case reported Kamal Trading Co vs Gillette UK Ltd (1988) 1 PLR 135.

THESE cases recognised that the reputation of a trader, trading or carrying on the business in another country, can travel to a country where he

had carried no business.. The trader's trans border reputation can be on the basis of the extensive advertisements and publicity. Such a trader

could obtain injunction a court where he was not trading, to protect his reputation. The Indian courts also recognise the existence of trans-border

reputation, particularly, the Bombay High Court in Kamal. Trading Co v. Gillette UK Ltd. In the last mentioned case the Division Bench expressed

the view that goodwill or reputation of good or mark, does not depend upon its availability in the particular country. The Delhi High Court

recognised trans border reputation in an unreported judgment in Blue Cross & Blue Shield Association v. Blue Cross Health Clinic and others, suit

No. 2458 of 1988, dated 5.9.89. In the case Central Industrial Alliance Ltd v. Gillette UK Ltd, Appeal No. 368 of 1986, the Division Bench of

the Bombay High Court had noted that publicity does not take place merely by advertisement in India. Advertisement in foreign newspapers and

magazines, circulated in India and freely imported in India, are read. Besides this, large number of Indians go abroad temporarily to other countries

and can have the opportunity to use the goods (goods in question in the case is Gillette safety razor blade), and in my view, on return of those

persons to India, the reputation of the goods used by those who go abroad, will stay in their minds, and the memories of those goods would be

revised by advertisements seen in foreign magazines, and newspapers which are available in India.

I expressed the view that the goodwill as postulated by the tax laws, is not applicable to the passing off actions.

when a manufacturer or a seller of goods advertises his product and holds out by advertisements either specifically or by necessary intendment,

that the goods would perform a specified task, and they actually do so, good reputation is established, and the reputation is spread more and more

by continued advertisements, and continued maintenance good and adequate standards by the manufacturer who by his own inspection procedures

ensures that the goods perform as they are intended to perform.

THESE reputations, as stated by the Ontario Supreme Court are not confined to borders. They are trans-border reputation, and agreeing with

what was said by the Ontario Supreme Court, I agreed in Apple Computer case, 1992 (1) Arb LR 93 with what was stated by the Ontario

Supreme Court, by observing as under:

I stated in the Apple Computer Inc case at page 137 as under :

....It is not necessary in the context of the present day circumstances the free exchange of information and advertising through newspapers,

magazines, video television, movies, freedom of travel between various parts of the world, to insist that a particular plaintiff must carry on business

in a jurisdiction before improper use of its name or mark can be restrained by the court. Similarly I am also in agreement with the view.pl 12

expressed regarding the meaning of goodwill in passing of cases. In passing off cases, the main consideration is the likelihood of confusion and

consequential injury to the plaintiff and the need to protect the public from deception, deliberate or otherwise, where such confusion or deception is

prima facie shown to exist, protection should be given by courts to the name or mark or goodwill of the plaintiff. The reason why all traders and

manufacturers of goods and providers of service wish to protect their name and build up their name is that they want their name or market to have

an impact upon anyone who has need their goods or services. That impact may take diverse forms, but one of them would certainly be that a name

or mark would recall to the mind of a potential consumer or user of such services the source from where the goods originate or the person who

provides the services. This is the impact of advertising and publicity by whatever means, including word of mouth and the guild-up of reputation. It

would not be right for courts to permit the reasons who have spent considerable time, effort, money and energy in building up a name, sufficient to

have an impact to lose control over such an impact by improper use of the very same or colourably similar name by another unauthorisedly boar

even dishonestly.

the apple Computer case was subject matter of appeal before the Division Bench of this Court, but the said observations were not modified,

varied or set aside. A Special Leave petition, being SIp No. 3148 of 1992 was also filed in the Apple Computer Inc case. In the Supreme Court,

where the matter was settled by an application filed under Order 23 Rule 3 of the CPC , the observations made by me were not modified, varied

or set aside under Order 23 Rule3 CPC as they were apparently found to be ""lawful"".

17.1What may be adequate evidence to establish trans-border live reputation? To quote Mahinder Narain, J :-

"TRANS-BORDER reputation of the plaintiff, has been, in my view, established sufficiently in this country by means of the fact that the sales of

Glenfiddich takes place on duty free shops in India, by the fact that advertisement of Glenfiddich whisky are to be found in various magazines, like

the In house magazine of Air India, and other foreign publications which are freely available in India, (some of which have been placed on record

of this case), as a result of which, in my view, Glenfiddich whisky has a live reputation in India..

(18) There is yet another very recent decision of this Court in Wwf International vs. Mahavir Spinning Mills Ltd Suit No. 822/94 decided on

7.10.94 by P.K. Bahri, J ; 1995 (31) Drj 412 referring to the law laid down in Sears Roebuck & Co. vs. Happy House (TV) Mfg Co Ltd & Ors

.1992 Ptc 59.

18.1 Therein the plaintiff running retail stores chain in America under the trade mark Sears had no physical presence in India nor had registration of

trade mark Sears in India had brought an action restraining the defendant from using the trade mark Sears for marketing TVs. It was held that

unless evidence is brought before the Court showing reputation and good will of the plaintiff in India as a manufacturer of television and substantial

evidence of the reputation and goodwill of the plaintiff as a retail store India, the injunction cannot be granted. Bahri, J. observed that that judgment

dealt with totally different facts. Bahri J. has further held : -

mere fact that the plaintiff has never manufactured any products in this country does not prevent it from acquiring the goodwill here in its trade

mark.. It is no doubt true that an action for passing off relates to the business and it must be established that the plaintiff has a reputation or

goodwill of his business in this country. The foundation for the action for passing off is the protection of goodwill and so, one must prove the

existence of goodwill in this country before obtaining a relief of passing off. The principle of law of passing off has been also made applicable to

non trading business or non-profit making bodies as well.

18.2 Bahri, J. has further approved the view that trade mark law is not intended to protect a person who deliberately sets out to take benefit of

somebody else's reputation with reference to goods especially so when the reputation extends worldwide.

(19) I am bound by the view taken by the two learned single Judges of this Court in the cases decided earlier and referred to hereinabove. As

already noticed plaintiff No. 1 was a registered proprietor of the trade mark Whirlpool in India until 1977. Without expressing any opinion on the

validity or otherwise of the reasons assigned by the plaintiffs for non renewal of the registration thereafter suffice it to say that inspire of non

registration of the trade mark in India, the plaintiff was trading in Whirlpool products in several parts of the world and also sending the same to

India though in a limited circle. Whirlpool associated with the plaintiff No. 1 was gaining reputation throughout the world. The reputation was

traveling trans- border to India as well through commercial publicity made in magazines which are available in or brought in India. These magazines

do have a circulation in the higher and upper middle income strata of Indian society. Washing machine is a household appliance used by the middle

and upper clefs of the society. The plaintiff No. 1 can bank upon trans-border reputation of its product washing machine for the purpose of

maintaining passing off action in India.

(20) Questions No. 2 and 4 Abandonment is a finding which depends on determining the intention to be inferred from the facts of each case. A

mere non user for a few. years may not amount to abandonment of a trademark if referable to accountable facts. At the same time a long

unexplained non user may suggest an intention to abandon the mark. In the present case the question of abandonment has to be judged in the

peculiar set of facts. The plaintiff No. 1 is not one whose trading activities are confined to India alone. It claims to have a worldwide trade. It did

have registration of the trade mark in India. Non-renewal of the trade mark is assigned by the plaintiff to causes like import restrictions and foreign

trade policy of the Govt of India. One of the causes assigned is a communication gap between the plaintiff No. 1 and its trade mark attorney. The

production of the goods was not stopped. May be in a limited section of the society but the goods were being marketed and they were being sent

to India, inspire of non registration of trade mark here in India. They Were being exhibited and continuously advertised in such circumstances that

an inference as to abandonment of the trade mark by the plaintiff No. 1 cannot be drawn.

(21) In 1986, the defendant initiated proceedings for registration of Whirlpool trademark so as to own the same. Opposition was offered by the

plaintiff No.1. The matter has been contested throughout till the date of decision by the Assistant Registrar of Trade Mark. Having lost there at the

plaintiffs have preferred an appeal which is pending. There is no question of acquiescence by the plaintiffs. As held by their Lordships of the

Supreme Court in the case of M/s. Power Control Appliances & Ors Vs. M/s Sumeet Machines Pvt Ltd_ (supra):

acquiescence is sitting by, when another is invading the rights and spending money on it. It is a course of conduct inconsistent with the claim for

exclusive rights in a trade mark, trade name, etc. It implies positive acts not merely silence or inaction such as is involved in laches

(22) For the present the defendants have not adduced any documentary evidence of their having marketed their washing machines enabling a

finding on the length of time and the extent to which they have marketed if at all their such products. The Asstt Registrar of the trade mark has also

not recorded any finding in favor of the defendants as to the actual user by them of the trade mark Whirlpool. The findings of the Assistant

Registrar quoted hereinabove show his having formed an opinion that the proposed use in future could entitle the defendants for registration.

Having lost before the Assistant Registrar the plaintiffs have preferred an appeal and also filed this suit. The plaintiffs cannot justifiably be accused

of culpable delay, acquiescence and laches or abandonment so as to disentitle them from the relief of injunction.

(23) Question No. 3 Sections 27 and 28 of the Trade and Merchandise Marks Act, 1958 read as follows

27.No action for infringement of unregistered trade mark

(1)No person shall be entitled to institute any proceeding to prevent, or to recover damages for, the infringement of an unregistered trade mark.

(2)Nothing in this Act shall be deemed to affect rights of action against any person for passing off goods as the goods of another person or the

remedies in respect thereof.

28.Rights conferred by registration.-

(1)Subject to the other provisions of this Act, the registration of a trade mark in Part A or Part B of the register shall, if valid, give to the registered

proprietor of the trade mark the exclusive right to the use of the trade mark in relation to the goods in respect of which the trade mark is registered

and to obtain relief in respect of infringement of the trade mark in the manner provided by this Act.

(2)The exclusive right to the use of a trade mark given under sub-section (1) shall be subject to any conditions and limitations in which the

registration is subject.

(3)Where two or more persons are registered proprietors of trade marks, which are identical with or nearly resemble each other, the exclusive

right to the use of any of those trade marks shall not (except so far as their respective rights are subject to any conditions or limitations entered on

the register) be deemed to have been acquired by any one of those persons as against any other of those persons merely by registration of the

trade marks by each of those persons has otherwise the same rights as against other persons (not being registered users using by way of permitted

use) as he would have if he were the sole registered proprietor.

(24) Sub Section (2) of Section 27 though forming part of Section 27 its overriding effect is not confined to merely on the provision of sub section

(1). It has an overriding effect on all the other provisions of the Act. It clearly provides that in so far as the common law action for passing off is

concerned, the provisions of this Act do not have any effect on the right or the remedy. P. Narayanan in his Law of Trade marks and Passing-Off (

Fourth Edition) sums up the law vide para 22.03 (at pp 410-411 in the following words :

Registration does not confer immunity against passing off The provisions of the Act including those or registration do not affect rights of action

against any person for passing off goods as the goods of another or the remedies in respect thereof. Thus in an action for passing off the defendant

cannot plead that the mark he is using, which has resulted in passing off, is registered. This would appear to follow from the use of the words

subject to the other provisions of this Act"" in the opening part of Section 28(1) defining the rights conferred by registration. The ""other provisions

of the Act"" would obviously include S. 27(2) dealing with the rights of action for passing off. S. 27(2) overrides the provisions of S. 28/.

(25) So is the view taken in Wali and Others Vs. Badal Khan, , Dr. Ganga Prashad Gupta & Sons vs S.C. Gudimani. Air 1986 Del 329,

Rightway Vs. Rightways Foot Wear and Another, , M/S Dolphin Lab vs Capital Pharmaceuticals, Air 1976 Calcutta 76 (all Single Bench

Decisions) And A Division Bench Decision In Delco Engineering Works V. General Motor Corporation, 1974 (1) P&H 502.

(26) A Division Bench decision of Delhi High Court which has often been lost sight of as will be shortly noticed, needs to be stated in a little

details. It is Century Traders Vs. Roshan Lal Duggar Co., . It was a case of passing off action. The following principles are deducible from the

Division Bench decision :

(1)The registration of trade mark in the Trade Mark Registry would be irrelevant in an action for passing off.

(para 10)

(2)In deciding whether a particular mark is common to the trade, use of that mark would be extremely relevant. Merely registration would not be

enough.

(3)Registration under the statute does not confer any new right to the mark claimed or any greater rights than what already exist at common law

and at equity without registration.

(4)That registration itself does not create a trade mark. The trade mark exists independently of the registration.

(5)Common law rights are left wholly unaffected (by registration). Priority in adoption and use of trade mark is superior to priority in registration

.....A single actual use with intent to continue such use eo instant confers a right jto such mark as a trade mark.

(para 12)

(6)It is not permissible to draw an inference as to their user from the presence of marks in the register.

[para 13]

(7) A passing off action is an action in deceit. The plaintiff has to prove that either there has been actual passing off or the use of the mark by the

defendant had actually caused confusion or damage to the plaintiff, is a proposition which cannot be accepted. Proof of actual damage or fraud is

unnecessary in a passing off action, whether the relief asked for is injunction alone or injunction account's and damages. If there is likelihood of the

offending trade mark invading the proprietary right, a case for injunction is made out.

(para 18,19)

the division Bench has drawn ample support from the view taken earlier by Delhi High Court in M/s. L.D. Malhotra Ind vs. Ropi industries, 1976

(1) Delhi 278 and Prina Chemical Works vs. Sukh Dayal 1974 (1) Delhi 545.

(27) Strong reliance has been placed by the learned counsel for the defendant on a few decisions of this Court which have all been distinguished or

commented upon by Mr Iqbal Chagla Sr Advocate for the plaintiffs. The decisions are noticed hereinafter.

27.1 In P.M. Diesels Private Limited Vs. Thukral Mechanical Works, it is held that combined effect of Sections 28 and 31(1) is that so long as the

trade mark stands in the name of proprietor, the said registration shall be deemed to be valid and registered proprietor would have an exclusive

right to use the said trade mark and the only remedy available to the person aggrieved was to move for cancellation of registration u/s 56 of the

Act. A perusal of the judgment shows that the plaintiff was registered proprietor of the trade mark Field Marshal in respect of diesel engines and

parts thereof. The defendant was also registered proprietor of trade mark Field Marshal but in respect of centrifugal pumps etc. Both of them were

registered proprietors of identical trade marks though in respect of different types of goods. It was in this context that the court held that out of the

parties none acquired an exclusive right against the other but both had acquired right against all other persons restraining the use of the trade mark.

27.2 M/S. Mayor Bros vs. M/S Watkin Mayor & Co (Suit No. 530/78 decided on 13.4.83) takes the view that the defendants who are registered

proprietor of the trade mark are entitled to use that trade mark till the registration stands.

27.3 M/S. Anil Food Industry vs. Alka Food Industries, 1989 Ptc 129 is a case in which the trade mark "ANIL" was registered as the trade mark

by both the parties but for different territories. The court refused to grant injunction to one against the other from use of the trade mark in the

territory of such other's registration.

27.4 M/S Plj Co vs Promila Industry 1991 Ptc 233 is a case where vide para 12, the learned Judge observed that in the facts of the case it was not

necessary to decide as to whether in a suit for passing off an order of injunction could be passed against the owner of the registered trade mark

restraining him from using the said mark. Needless to say in view of that observation any other finding on that issue would be mere obiter.

27.5 All the above noted decisions are single bench decisions of Delhi High Court. The Division Bench decision of Delhi High Court in Century

Traders case (supra) was not brought to the notice of the learned Judges deciding the Field Marshal case (supra), Mayur Bros case (supra) and

Anil Food Industries case (supra).

27.6 In M/S. Plj Go's case (supra) the learned single Judge has referred to Century Traders case (supra) but vide para 8 the learned judge has

disposed off the law laid down by Division Bench in para 9,11,12 and 14 of its judgment as mere ""observations"". I do not agree. Effect of

registration of trade mark on passing off action did arise for decision before the Division Bench, it was agreed; and it was consciously decided by

the Division Bench.

(28) A review of. the case law indicates that the view taken by the Bombay High Court in Consolidated Foods Corporation Vs. Brandon and

Company Private Ltd., has been followed by the single Judge of Delhi High Court in L.D. Malhotra Ind vs Ropi Industries- 1976 Del 278 and

then the Division Bench in Century Traders 's case (supra). The view to the contrary taken by the learned single Judge in Field MARSHAL'S

case (supra) and other case does not either take note of or follow the Division Bench nor take note of Section 27(2) of the Act. Hence it does not

bind me.

(29) Let a curtain on the controversy be dropped by quoting the following law laid down by the Supreme Court in Wander Ltd. vs. Antox India

(P) Ltd.1990 (2) Arb. L.R. 399 :

an infringement action is available when there is violation of specific property right acquired under and recognised by the statute. In a passing off

action ,however, the plaintiff's right is independent of such a statutory right to a trade mark and is against the conduct of the defendant which leads

to or is intended or calculated to lead to deception.

(30) Mr A.K. Sen, Sr Advocate, contended for the defendants, that the plaintiffs have not proved any instance wherein the defendants might have

attempted at passing off the defendants' goods as the plaintiffs. It is submitted by reference to the documents brought on record by the defendants

that they are advertising and offering their goods for sale by the words Usha Shriram Or Lexus being prefixed or shown along with the word

WHIRLPOOL; they have never at any time attempted at passing off their washing machines as the washing machines of the plaintiffs. It is further

submitted that the washing machines being used in the class of the society which is educated, the very use of Usha Shri Ram or Lexus along with

Whirlpool should make the plaintiffs happy and guarantees no possibility of the defendants' washing machines being passed off as that of the

plaintiffs. In addition it has to be kept in view that there is vast difference in the prices of the machines of the plaintiffs and defendants which would

enable the defendants' washing machines being passed off as plaintiffs'.

(31) For two reasons, the contention is to be rejected. Principle No. 7 deducible from the Division Bench decision in Century Traders' case

(supra) clearly holds that proof of actual damage is unnecessary in a passing off action. It is the likelihood of deceit and an unwary customer being

misled which is enough. In Wander Ltd' case (supra) their Lordships of the Supreme Court have defined passing off action as a species of unfair

trade competition or of actionable unfair trading by which one person through deception, attempts to obtain an economic benefit of the reputation

which another has established for himself in a particular trade or business. In Ruston and Hornsby Ltd. Vs. The Zamindara Engineering Co., , the

plaintiffs trade mark was RUSTON. Their Lordships of the Supreme Court have held that the defendants user of Rustam India amounted to

passing off. Their Lordships refused to agree with the contention that suffix India after Rustam was a sufficient warning to purchaser and that the

defendant could be allowed to use the combination.

(32) The learned counsel for the plaintiffs have rightly contended that in the absence of grant of injunction they are likely to suffer irreparable injury.

It is submitted that the washing machines which are being manufactured by the defendants are not of the same engineering standards and do not

give the same quality of performance as the plaintiffs' machines do and so the marketing of the washing machines with Whirlpool trade mark is sure

to damage irreparably the reputation and goodwill of the plaintiffs. It has rightly been pointed out that the defendants are not going to suffer any

injury inasmuch as even if they have manufactured any washing machines, they have only to remove and replace the small metallic strip bearing the

offensive trade mark/name - which includes Whirlpool. The plaintiffs do not have any objection to the defendants manufacturing and offering for

sale washing machines in the trade mark/name of Usha Shriram or Lexus or any other name at the choice of the defendants so long as the trade

mark/name adopted by the defendants is not the same or similar or deceptively similar to that of the plaintiffs."

(33) MR.G.L. Sanghi Sr Adv. for the defendants addressed the court at length on the doctrine of issue estoppel submitting that the order of the

additional Registrar Trade Marks and the findings recorded therein were binding on this Court and merely because an appeal was filed, finality

thereof was not destroyed. It is not necessary to deal with at length on this submission for the simple reason that as already noticed, this Court has

formed an opinion that the registration of the Whirlpool as trade mark of the defendants was of no consequence in passing off action. This order

too would not have any effect on the registration proceedings, sub judice in appeal which shall be decided on its own merits.

(34) Though in view of the several findings arrived at hereinabove, the plaintiffs are being held entitled to the grant of ad interim injunction yet this

Court would like to leave on record a parting note. On the concept of trans-border reputation I have followed, the single bench decisions of this

Court bound as I am by the rules of discipline and doctrine of precedents. The concept of passing off is based on good business etiquette and

commercial necessity. Unfair competition has to be avoided. Nobody shall be permitted to acquire for the benefit of oneself by using false means

or misleading devices the benefit of reputation and goodwill earned by someone else. This is too good as a principle and also as law applicable to

any country but what about its extension trans-border? India is moving towards free economy. The drastic changes in the economic policy of the

country which are in offing is sure to entail entry-fresh and afresh-of multi-nationals in the Indian market. The common law of passing off is sure to

undergo a change. With the synchronisation of the world, law cannot afford to remain conservative. Still the need of examining the concept of

trans-border reputation"" by reference to its impact on the Indian economy and Indian industries cannot be ruled out. The concept needs a

thorough and in-depth examination. Better if it is done by a larger bench. I have avoided the need of doing so in this case at this stage inasmuch as

what is being disposed of is an interlocutory matter after all and inviting decision by a Division Bench or a larger bench would have merely delayed

the matter further.

(35) During the course of hearing, Mr Michael Fysh, learned counsel appearing for the plaintiffs had expressed willingness of the plaintiffs to file

undertaking for compensating the defendant for the loss and damages incurred by them in the event of the plaintiffs' suit failing.

(36) - For all the foregoing reasons is 7657/94 is allowed. The defendants, their partners, trustees, agents, representatives and assignees are

hereby restrained from manufacturing, selling, advertising or in any way using the trade mark Whirlpool or any other trade mark deceptively or

confusingly similar to the trade mark Whirlpool in respect of their goods. The plaintiffs shall within 4 weeks from today place on record an

undertaking in the shape of affidavits sworn in by their duly constituted attorney/s or representative/s undertaking to indemnify the defendants from

any loss or damage which the defendants may incur on account of these proceedings and determined in this suit or any other duly constituted legal

proceedings in the event of the plaintiffs being held not entitled to the relief sought for in the suit.

(37) By way of abundant caution I would like to clarify:

(I)As stated in the earlier part of this order the defendants have filed only a short counter for paucity of time. Legal contentions have all been raised

by either party and dealt with by this order. If the defendants bring forth any new material consisting of facts documents and evidence which they

could not do earlier they shall have the liberty of moving an application under Order 39 Rule 4 CPC.

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(II)that nothing said hereinabove, shall prejudice in any manner the rights of either party to have their pleas determined on merits after a full-fledged

trial.