

Citizen Watch Co. Ltd. vs Dinesh Kumar Laxman Bhai Virda on 16 May, 2024

Author: Jyoti Singh

Bench: Jyoti Singh

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IN THE HIGH COURT OF DELHI AT NEW DELHI

Date of Decision: 16th May

CS(COMM) 56/2015

CITIZEN WATCH CO., LTD.

..... Plaintiff

Through: Mr. Sushant Singh, Mr. Sourav
Pattanaik, Ms. Shruti Gupta and Mr. Piyush
Kumar, Advocates.

versus

DINESHKUMAR LAXMANBHAI VIRDA

..... Defendant

Through: Mr. S.P. Mehta and Mr. Sitesh
Narayan Singh, Advocates.

CORAM:

HON'BLE MS. JUSTICE JYOTI SINGH
JUDGMENT

JYOTI SINGH, J.

1. This suit was instituted by Citizen Holdings Co., Ltd. in December, 2015 seeking inter alia a decree of permanent injunction restraining Dineshkumar Laxmanbhai Virda/Defendant and his partners, directors, agents and all others acting on his behalf from manufacturing, marketing, selling, offering for sale machine tools including lathe machines or any type of goods and services bearing the mark CITIZEN or C-TIZEN and/or any other deceptively similar trademark, trade name and domain name which infringes and/or dilutes Plaintiff's well-known registered trademark CITIZEN and/or from passing off Defendant's goods as those of the Plaintiff. Decree of damages to the tune of Rs.1 crore is sought along with cost of the suit. Prayer for delivery up is also made. During the pendency of the present proceedings, on 01.10.2016 name of Plaintiff company changed to Citizen Watch Co., Ltd. and on this basis, Plaintiff filed an application the plaint with respect to the change of name. Along with the application, Plaintiff filed Certificate of Part of Historical Items in the Commercial Register obtained from the Registrar of Companies, Tokyo, Japan, to support the plea. After seeking reply from the Defendant and hearing the parties, vide order dated 27.09.2017, Court allowed the application and permitted the change of name to Citizen Watch Co., Ltd. and allowed the Plaintiff to file amended Memo of Parties and amended plaint, both of which were filed on 09.10.2017.

2. Plaintiff's Case:

2.1. Plaintiff is an internationally reputed company organised and existing under the laws of Japan having its presence worldwide. Plaintiff company is the Holding

Company of highly reputed CITIZEN Group of companies from Japan, engaged in all phases of watch making; research development; production; manufacture and sale of large variety of goods such as Precision machine tools, industrial machinery including lathe machines, tools and Jigs, Precision Measuring Equipment, etc. as well as electronic and information goods like calculators, computer printers, batteries, and jewellery. Ms. Sudarshana Sen Mitra was stated to be a duly constituted Attorney of the Plaintiff, competent to sign, verify and institute the suit under a Power of Attorney dated 02.06.2015. 2.2. Business operations of Plaintiff's predecessor company Shokosha Watch Research Institute (Laboratory) started in Japan in 1918. The man who bestowed the name CITIZEN on the company was Mr. Shinpei Gotoh, the erstwhile Mayor of Tokyo in the years 1912-26. Plaintiff's predecessor Shokosha Watch Research Institute (Laboratory) launched its first product, a pocket watch, in the year 1924 and Mr. Gotoh called it CITIZEN so that it would be "close to the hearts of people everywhere". Since its first adoption in 1924, mark CITIZEN has been in extensive and continuous use in respect of Plaintiff's products on a global scale. The word CITIZEN was formally adopted as corporate name of its predecessor, Citizen Tokei Kabushiki Kaisha (also trading as Citizen Watch Co., Ltd.), when it came into being on 28.05.1930. Most of Plaintiff's group companies also have the word CITIZEN as the dominant part of their corporate names. In 2007, Plaintiff's name changed from Citizen Tokei Kabushiki Kaisha to Citizen Holdings Kabushiki Kaisha, also known as Citizen Holdings Co., Ltd. On 01.10.2016, Plaintiff again changed its company's name from Citizen Holdings Co., Ltd. to Citizen Watch Co., Ltd., which is evident from the certificate of Commercial Register obtained from Registrar of Companies, Tokyo.

2.3. Plaintiff has several group companies operating and contributing collectively towards the huge volume of industrial precision machines' business under the mark CITIZEN worldwide. These companies are either the subsidiaries of Plaintiff and/or affiliated to Plaintiff forming part of the same group of companies. Plaintiff's group comprises several companies, including but not limited to Citizen Machinery Co., Ltd.; Citizen (China) Precision Machinery Co., Ltd.; Citizen Machinery Asia Co., Ltd.; Citizen Machinery Vietnam Co., Ltd.; Citizen Machinery Philippines Inc.; Cincom Miyano Korea Co., Ltd.; Cincom Miyano Taiwan Co., Ltd.; Cincom Miyano Asia Sales Co., Ltd.; Citizen Machinery Europe GmbH; Citizen Machinery UK Ltd.; Hestika France S.A.S.; Sirma Macchine s.r.l.;

Marubeni Citizen-Cincom Inc.; and Citizen Machinery Technical Center [A division of Citizen Watches (India) Pvt. Ltd.].

2.4. Plaintiff's relationship with India commenced in the year 1956 when the first Prime Minister of India visited Japan and saw the rationalized watch production system. In 1958, Plaintiff was approached to assist in setting up domestic watch production in India. At the request of the Indian Government, a formal contract was signed in 1960 for a plant to be managed by a national enterprise, Hindustan Machine Tools Ltd. ('HMT'). By this arrangement, CITIZEN's high technology

came to India in early 1960s. Therefore, Plaintiff's CITIZEN mark had established its connect in the minds of Indian public in general as early as in 1960s. 2.5. Plaintiff expanded its business throughout the world and has achieved recognition as a global brand. Nearly 3 decades have witnessed Plaintiff's rapid growth in strengthening its current position as the world's largest watchmaker, a distinct honour held by the Plaintiff since 1986. Apart from its enormous size and worldwide reach, Plaintiff as CITIZEN group is recognized as a world leader in advanced technology. From the world's slimmest LCD watch to the world's first professional dive watch with an electronic depth sensor, to the first voice recognition watch, Plaintiff's record of world's first in innovation techniques is unmatched and path-breaking. The motivation behind these "firsts" is the goal to make the watch experience better for each customer. Besides watch making, Plaintiff is also known for its precision lathe machines and machine tools which are manufactured and sold under the mark CITIZEN and its sub- brands CINCOM and MIYANO, globally. On each lathe machine, the mark CITIZEN is prominently written, affixed, embossed or engraved along with the model, which serves as an indicator that the lathe machines emanate from the Plaintiff, a worldwide leader in advanced technology.

2.6. With respect to industrial precision machines tools business, history of Plaintiff dates back to 1936, when Plaintiff's predecessor Citizen Watch Co., Ltd. started production of machine tools. From 1961, Citizen Watch Co., Ltd. started selling machine tools openly in the world market. In 1970, world's first Numerically Controlled ('NC') automated lathe was developed by the Plaintiff, which became the basis for the Cincom Series of small precision Computer Numerically Controlled ('CNC') automated lathes. In the year 1982, a separate legal entity under the name Citizen Precision Machinery Co., Ltd. was established in Japan which concentrated on the manufacture and sale of precision machine tools. Plaintiff gradually expanded its machine tools and lathe machines business in USA forming Marubeni Citizen-Cincom Inc. (MCC) in the year 1985 and Citizen Machinery Europe GmbH as its European sales office in the year 1986. Plaintiff's machine tools and lathe machines under the mark CITIZEN CINCOM had become global brands by 1985 and 1986, when Plaintiff expanded its business extra-territorially in the major international markets in USA and Europe. As a result, by early 1980s it became a well-known fact that Plaintiff is the exclusive proprietor of the mark CITIZEN in respect of lathe machines and other precision machines tools on an extensive scale. In 2001, Citizen Machinery Asia Co., Ltd., the manufacturing base in Thailand, was established. In 2002, the precision machinery division of Citizen Watch Company was consolidated with Citizen Precision Machinery Co., Ltd. In 2005, the corporate name of Citizen Precision Machinery Co., Ltd. was changed to Citizen Machinery Co., Ltd., which company then merged with Miyano Machinery Inc. in 2011 and the corporate name was changed to Citizen Machinery Miyano Co., Ltd. In 2015, the corporate name of Citizen Machinery Miyano Co., Ltd. underwent a further change and was renamed as Citizen Machinery Co., Ltd., as it is currently known worldwide as the leader of CNC automated lathe machines. All the companies (including Citizen Machinery Co., Ltd.) which have manufactured and marketed the precision machinery including lathe machines are part of the Citizen group. Plaintiff herein is the holding company of the Citizen Group. Thus, the goodwill and reputation generated by Plaintiff's group companies in respect of the lathe machines and other precision tools shall directly accrue to the Plaintiff, being the holding company of the group and the owner of trademark CITIZEN.

2.7. Plaintiff's lathe machines, sold under the trademark CITIZEN are popular and well-known across the globe for superior technology and in India its operations in machine tools and lathe machines under the trademark CITIZEN began in the year 1978.

2.8. Plaintiff's mark CITIZEN is registered in several countries across the world. In India, Plaintiff first applied for registration of its trademark CITIZEN in 1961 and obtained registrations in Classes 07, 09 and 14. Plaintiff is the registered proprietor of trademark CITIZEN for 'machines and machine tools' in Class 07 which includes lathe machines under the NICE classification. Registration details are as follows:

2.9. Owing to the superior quality of products and services under the mark CITIZEN, Plaintiff has acquired tremendous reputation and goodwill across the globe, including India. CITIZEN mark enjoys substantial trans-

border reputation, as a result of which consumers and members of trade in India are well acquainted with Plaintiff's products bearing the CITIZEN mark. The reputation and goodwill attached to Plaintiff's mark CITIZEN is visible from the following sales figures in respect of machine tools including lathe machines:

2.10. Plaintiff's products under the CITIZEN mark have been widely advertised and promoted all over the world in print, electronic and social media as well as in magazines and business journals having worldwide circulation. Plaintiff has participated in several international exhibitions and separately incurred huge expenditure in advertising and promoting the mark CITIZEN worldwide with respect to watches and machine tools as follows:

2.11. Plaintiff's mark CITIZEN is well-known in India at least since the year 1978 not only because of spill over of trans-border reputation but also through direct sales of lathe machines, through exports to several customers. In or around January, 2008, Plaintiff came across an application filed by the Defendant in Class 07 bearing No.1484080 for registration of the trademark CITIZEN, published in Trademark Journal No.1384(1) dated 16.01.2008. Plaintiff opposed the application on the ground that Plaintiff was the registered proprietor of the trademark CITIZEN, in respect of identical goods i.e. lathe machines. In 2010, Plaintiff came across another trademark application filed by the Defendant for identical goods in Class 07 bearing No.1754411 for the mark C-TIZEN. This application was also opposed by the Plaintiff. Defendant had claimed user of the marks for lathe machines since 1994. Both oppositions filed by the Plaintiff are pending before the Trade Marks Registry. Plaintiff's informal search on the internet in 2014 revealed that Defendant was infringing its mark CITIZEN by using deceptively similar and phonetically identical mark CITIZEN for lathe machines. Defendant had launched a website www.citizenlathe.in, in or around October, 2014 as also obtained the domain <citizenlathe.com> on 27.11.2015 and started a website <http://citizenlathe.com/>, representing and advertising himself to be a global leader in machine tools and

showcasing his business under the name 'Citizen Lathe'. Shocked and concerned by this act, Plaintiff sent a cease and desist notice dated 09.01.2015 to the Defendant, followed by several reminders, last of which was dated 06.04.2015.

2.12. On 01.05.2015, Defendant filed a false and frivolous suit under Section 142 of the Trade Marks Act, 1999 (hereinafter referred to as '1999 Act') in the Court of Additional District Judge, Rajkot, Gujarat, claiming that Plaintiff had been issuing groundless threats to the Defendant and sought a declaration that the impugned marks of the Defendant are not identical or deceptively similar to Plaintiff's CITIZEN mark and sought injunction.

2.13. Plaintiff was constrained to file the present suit in 2015 as Defendant continued to infringe its CITIZEN mark and pass off his goods i.e. lathe machines as those of the Plaintiff, which was harming Plaintiff's goodwill and reputation. On 22.12.2015, Court granted ex-parte ad interim injunction restraining the Defendant from manufacturing, marketing, advertising, selling or using its products under the trademark CITIZEN in any manner whatsoever or any other deceptively similar mark and appointed a Local Commissioner. The order was confirmed and made absolute on 04.04.2018.

3. Contentions on behalf of the Plaintiff

3.1. Plaintiff's glorious history dates back to 1918 when its predecessor company Shokosha Watch Research Institute (Laboratory) started its business operations. Word CITIZEN was formally adopted as the corporate name of its predecessor Citizen Tokei Kabushiki Kaisha, also trading as Citizen Watch Co., Ltd., that came into being on 28.05.1930. In 2007, Plaintiff's name changed to Citizen Holdings Kabushiki Kaisha and on 01.10.2016 to Citizen Watch Co., Ltd. Plaintiff has several group companies which are either subsidiaries of or affiliated to the Plaintiff, forming part of the same group of companies. Plaintiff's operations in India began in 1960 when a contract was signed between the Plaintiff and the Indian Government for setting up a plant under the management of HMT. Plaintiff's business in industrial precision machine tools dates back to 1936 and in Indian market Plaintiff started selling lathe machines in 1978 and since then, the business has continued and expanded. This was proved by Ms. Sudarshana Sen Mitra PW1, who stated in her affidavit that Plaintiff's lathe machines were first sold in India in 1978. She also proved the sale invoices issued by Citizen Watch Co., Ltd. evidencing the sale of lathe machines in 1987 as Ex.PW1/6 (colly.). Goodwill and reputation generated by Plaintiff's group companies in respect of precision tools including lathe machines and the factum of Plaintiff being the holding company of the group and owner of trademark CITIZEN was also proved and established by PW1 through documents exhibited as Ex.PW1/2, Ex.PW1/3, Ex.PW1/5, Ex.PW1/6, Ex.PW1/8 and Ex.PW1/11 to Ex.PW1/17.

3.2. Plaintiff is a registered proprietor of the trademark CITIZEN in several countries of the world. Complete list of Plaintiff's worldwide trademark registrations with respect to trademark CITIZEN was proved by PW1 as Ex.PW1/7 (colly.). Copies of trademark registrations certificates of the mark CITIZEN issued by Trade Marks Registries/Offices in China, Hongkong, Malaysia, Pakistan etc.

were exhibited as Ex.PW1/8 (colly.). In India, Plaintiff applied for registration of trademark CITIZEN in 1961 and obtained registrations in Classes 07, 09 and 14 [Ex.PW1/9 (colly.)]. Plaintiff has to its credit phenomenal and voluminous sales under the trademark CITIZEN and the sales increased from USD 263,846 (in thousand) in 2004 to USD 405,131 (in thousand) in 2014 and this was proved through document Ex.PW1/11. Sales units arising out of sales in India of CITIZEN branded lathe machines sold by Citizen Machinery Co., Ltd. increased from 25 units in 2007-08 to 62 units in 2016-17 (Ex.PW2/2). Plaintiff, through Citizen Machinery Co., Ltd., Japan spent humungous amount of money in popularizing the lathe machines and the expenses incurred for IMTEX (Indian Metal Cutting Machine Tool Exhibition) 2017 were to the tune of USD 18,600 (Ex.PW2/3). Promotional expenses increased from USD 94 million in 2004 to USD 174 million in 2014 and documents exhibited as Ex.PW1/14 proved the international sale promotional figures in respect of watches and clocks from 1985 to 2008. Copies of sales units of machine tools sold in India by Plaintiff's group were exhibited as Ex.PW1/15. Apart from this, various eminent personalities and celebrities have promoted Plaintiff's brand, such as Kevin Pietersen, Rahul Dravid, Kareena Kapoor, Kelley Clarkson, and Victor Azarenka. Copies of promotional material, published magazines, journals etc. to this effect were exhibited as Ex.PW1/17 (colly.). 3.3. Being fully conscious and aware of the goodwill and reputation of the trademark CITIZEN, Defendant dishonestly made an application for registration of the trademark CITIZEN in Class 07 bearing No.1484080. In 2010, he again filed an application for registration of the mark C-TIZEN bearing No.1754411. Both applications were opposed by the Plaintiff and are pending consideration and Defendant is admittedly not the registered proprietor of the impugned marks. The illegal activities of infringement and passing off by the Defendant did not stop despite cease and desist notice and reminder sent by the Plaintiff and instead he filed a false suit in Rajkot, Gujarat against the Plaintiff, which was dismissed on an application filed by the Plaintiff under Order 7 Rule 11 CPC.

3.4. Plaintiff's mark CITIZEN has acquired tremendous reputation worldwide, spilling over to India. Such is the reputation of the mark/brand CITIZEN that when any entity uses an identical or even a near-identical and/or deceptively similar mark on similar, related, or relatable products or services or even in respect of dissimilar goods and services, it would readily establish the connection in the minds of the public that such products and/or services are associated with the Plaintiff. Plaintiff has already made its presence felt as CITIZEN, amongst the consumers worldwide.

3.5. On account of the prior worldwide adoption and use of the mark CITIZEN, at least since the 1930s, initially in respect of watches and thereafter for lathe machines as well as prior registrations of CITIZEN trademark, both internationally as well as in India coupled with staggering sales, extensive reputation by way of promotion, media advertisements and other means of the dispensation of the knowledge, wide area of geographical coverage of the mark, Plaintiff's CITIZEN mark can be said to have sufficiently fulfilled the criterion of a 'well-known' trademark defined under Section 2(l)(zg) of the 1999 Act. Therefore, Plaintiff enjoys all statutory and common law rights to restrain any third-party from using the mark CITIZEN or any other deceptively similar trademark in the course of the trade in respect of same, similar or different goods. 3.6. Defendant's mark is visually and phonetically identical to Plaintiff's registered and prior used trademark CITIZEN. Defendant has slavishly imitated the font and script of Plaintiff's CITIZEN logo, which is evident from a bare comparison as under:

3.7. Plaintiff started selling machine tools in 1961 and developed NC lathes CINCOM D-16 in 1970. The trade dress/colour scheme of Defendant's lathe machines are identical to Plaintiff's CINCOM D-16 lathe machines which were first distributed in India in 1978, which is demonstrated from the comparative as follows:

3.8. By using identical trademark CITIZEN in the course of trade in respect of identical goods, which are lathe machines and machine tools, without any authorization or permission from the Plaintiff, Defendant has knowingly infringed Plaintiff's rights under Section 28 of the 1999 Act. As the rival marks and goods are identical, there is clear infringement under Section 29(2) of the 1999 Act. Intent of the Defendant to pass off his machines as those of the Plaintiff is clearly evident from the fact that he has used the same light blue colour for the body of the machines and the name CITIZEN appearing on the machines is a mirror image of Plaintiff's logo with the word CITIZEN written in white on a red background as found on Plaintiff's CINCOM D-16 lathe machine, which was one of the earlier models of the Plaintiff, sold in India in 1978. Therefore, by misrepresentation in the course of trade, Defendant is taking undue advantage of the formidable goodwill and reputation of the Plaintiff, which is causing damage to Plaintiff's reputation and dilution of distinctive character of its registered trademark. Defendant is thus guilty of both infringement and passing off.

3.9. Defendant has copied Plaintiff's CITIZEN mark in toto in respect of identical goods i.e. lathe machines. Plaintiff is a prior adopter as well as prior registered proprietor of the trademark CITIZEN internationally, in respect of several goods including lathes and other machine tools, with impeccable reputation spilling over to India. All this goes to show that the adoption of the trademark CITIZEN by Defendant in 2006 or 'C-TIZEN' in 2008, and the purported user claim since 1994 were obviously dishonest and fraudulent since inception. It is settled law that if the use of the mark is dishonest or tainted, as in the present case, no amount of user will help to raise a claim of prior user or 'first in the market'. It is obvious that Defendant's adoption of the mark CITIZEN is dishonest. Knowing and being aware of the formidable reputation of the mark CITIZEN, Defendant used the same for its lathe machines without any plausible explanation to do so when the mark is otherwise arbitrary in respect of lathe machines. 3.10. Defendant by his wrongful acts is diluting Plaintiff's business and earning profits to which Defendant is not entitled to. At the same time, Defendant is harming Plaintiff's reputation, goodwill, and causing detriment to the reputation of Plaintiff's CITIZEN mark and brand. Hence, Defendant is liable to be restrained by a perpetual injunction from using the word CITIZEN as a trademark/brand name for lathe machines and/or any other goods. Plaintiff is suffering huge losses in its business and on the other hand, through such wrongful actions, Defendant has earned huge illegal profits to which he is not entitled and is liable to pay damages to the tune of Rs.1,00,00,000/- to the Plaintiff.

4. Contentions on behalf of the Defendant

4.1. Plaintiff has failed to file and prove on record its legal entity and competency to file the present suit. In the absence of registration certificate of the Plaintiff company issued by the Registrar of Firms and Memorandum and Articles of Association, Plaintiff company has no legal authority to file the present suit. Plaintiff is signed and filed by Ms. Sudarshana Sen Mitra, being the constituted Attorney on the basis of Power of Attorney dated 02.06.2015 Ex.PW1/1, however, the Attorney does not contain the name and authority of the executor of the Attorney, namely, Mr. Hiroyuki Kaneko. Therefore, plaintiff is neither signed nor verified by a competent person and the law on this aspect is amply clarified by the Co-ordinate Bench of this Court in M/s. Nibro Limited v. National Insurance Co. Ltd., 1990 SCC OnLine Del 65 and the Madras High Court in M/s Schmenger GMBH and Company Leder, through its Liaison Concern represented by its Liaison Officer, Mr. Mukhtar Parvez v. Saddler Shoes Private Limited, rep. by its Managing Director, Mr. M. Jamal, 2010 SCC OnLine Mad 6539.

4.2. Plaintiff has filed the present suit predicated on registration of the trademark CITIZEN from 08.03.1961 in Class 07 under Registration No.201050 and in support has relied on Certificate of Registration exhibited as Ex.PW1/9. However, the certificate cannot be used in legal proceedings and further the validity of the certificate has expired with efflux of time. In any event, the registration is in the name of Citizen Watch Company Limited and not in the name of Plaintiff i.e. Citizen Holdings Co., Ltd. Second application No.1524818 is in respect of a device mark and user details show 'proposed to be used' which proves that till the date of the application i.e. 24.01.2007, Plaintiff was not manufacturing all such items mentioned in the application. Application seeking renewal from 08.03.2013 simply contains the class and the goods' description as machines and machine tools, without specifying the types of machines for which the renewal was sought. In the Application No.1524818, registration date is 24.01.2007 and the trademark type is 'device' while the word mark is 'CITIZEN MICRO HUMANTEC' and therefore, registrations do not aid Plaintiff's case.

4.3. Plaintiff is silent about the change of names from Citizen Watch Co., Ltd. to Citizen Holdings Kabushiki Kaisha or Citizen Holdings Co., Ltd. None of the documents exhibited as Ex.PW1/9 and Ex.PW1/10 prove that Plaintiff was the manufacturer of lathe machines till January, 2007. Further, Plaintiff has itself filed documents exhibited as Ex.PW1/23, which include copy of Application No.1484080 dated 14.06.2006 as also copy of sales turnover of the Defendant for the period 1994 to 2015 and sales invoices of the Defendant for the period 1994 to 2015, which confirms that Defendant was the 'prior user' of the trademark CITIZEN for manufacturing and marketing lathe machines and had applied for the trademark registration with its design prior to Plaintiff's Application No.1524818 dated lathe machines, no injunction can be granted against the Defendant in terms of the judgment of the Supreme Court in Neon Laboratories Limited v. Medical Technologies Limited and Others, (2016) 2 SCC 672. 4.4. Suit is barred by delay, laches, estoppel and acquiescence. Plaintiff was well aware of the business activities of the Defendant since 2008 and yet chose to initiate legal action by instituting the present suit only in 2015. Plaintiff has suppressed the fact that vide Application No.1524818 dated 24.01.2007, it had applied for the trademark 'CITIZEN MICRO HUMANTEC', which was opposed by the Registrar of Trade Marks on the ground that the mark was identical with or deceptively similar to registered and/or prior pending trademark applications for the mark CITIZEN. In response to the objection in the examination report, Plaintiff had taken a stand that the trademark must be taken as a whole and was phonetically, visually and conceptually different from the cited marks since registration was not sought for the word CITIZEN alone. Ex.PW1/24 is a list of

trademarks CITIZEN, which are either registered or for which applications are pending registration. This goes to show that Plaintiff cannot claim ownership right on a laudatory word CITIZEN, which is incapable of distinguishing or identifying any association with the goods of the Plaintiff. CITIZEN is not an invented or coined word but has a dictionary meaning. It is not registrable under Sections 9 and 11 of the 1999 Act. Several persons, firms and companies are using the word CITIZEN as prefixes or suffixes to their names prior to the Plaintiff.

4.5. Plaintiff has failed to prove its claim that it manufactures lathe machines under the trademark CITIZEN. The user is claimed through various invoices of sales by different companies claimed as Group Companies, however, in the absence of originals of the invoices or the executors of the invoices, the alleged sales cannot be used to indicate the goodwill and reputation of the Plaintiff in respect of lathe machines. Plaintiff examined PW1 Ms. Sudarshana Sen Mitra to prove its case but without a valid Power of Attorney, she had no right to lead evidence. PW1 deposed in the cross-examination that Plaintiff was manufacturing different types of watches only and did not prove that it was manufacturing lathe machines. She admitted that name of the Plaintiff was not there in Ex.PW1/26, which was the list of Group Companies. PW1 in her cross- examination expressed inability to confirm manufacture of machines under the trademarks CINCOM and MIYANO. PW1 admitted that she would be unable to produce any document evidencing production of lathe machines by the Plaintiff in India and deposed that trademark CITIZEN was created for watches; all machines mentioned in Ex.PW1/5 were with the brand CINCOM; there was no document proving manufacture of machines in 1936 or for that matter in 1961; and that Citizen Machinery Co., Ltd. having its independent entity had not obtained independent registration for the trademark CITIZEN in respect of machine tools.

4.6. Defendant is carrying on the business of manufacturing and marketing of lathe machines with trade mark CITIZEN since 09.12.1994. Due to good quality of the machines, Defendant has acquired immense reputation and goodwill in the market. Defendant has adopted distinctive art work, colour scheme, arrangement and get up in the year 1994 and the adoption is honest and bona fide. In order to obtain statutory rights and protection under the 1999 Act, Defendant filed trademark Application No.1484080 on 04.09.2006 for registering its distinctive trademark CITIZEN in respect of lathe machines in Class-07 Signing Date:29.05.2024 23:52:51 claiming user since 09.12.1994. After considering the application, the Registrar of Trade Marks issued the examination report and after perusing the reply and affidavit of the Defendant in response, publication was carried out in the Trade Marks Journal and the mark was advertised. In the process, Registrar also considered that no mark was pending on the register which was identical and/or deceptively similar to Defendant's mark.

4.7. Impugned trademark is neither phonetically nor visually identical and/or deceptively similar to Plaintiff's mark CITIZEN and is in respect of lathe machines, which were neither manufactured nor sold by the Plaintiff and no evidence to the contrary has been led. Plaintiff has urged that it has registration for the trademark CITIZEN in India in Class 07 but admittedly, the registration is for 'machines and machine tools' and not for lathe machines. Plaintiff cannot obtain registration for one class of goods and claim proprietary rights on goods for which there is no separate registration. This position of law is amply clear from a reading of the judgments of the Supreme Court in Nandhini

Deluxe v. Karnataka Cooperative Milk Producers Federation Limited, (2018) 9 SCC 183; and Vishnudas Trading as Vishnudas Kishendas v. Vazir Sultan Tobacco Co. Ltd., Hyderabad and Another, (1997) 4 SCC 201. Therefore, the allegations of the Plaintiff that Defendant is infringing its mark have no legs to stand on. In any case, Defendant is the prior user of the mark from the year 1994 and therefore, cannot be enjoined by the Plaintiff, in view of the settled law in Neon Laboratories Limited (supra). Additionally, provisions of Sections 27(2) and 34(a) of the 1999 Act also support the case of the Defendant, being a prior user.

5. Rejoinder contentions on behalf of the Plaintiff 5.1. Contention of the Defendant with regard to non-filing or absence of registration certificate of the Plaintiff issued by Registrar of Firms/ Companies and/or Memorandum and Articles of Association is misplaced. Existence of Plaintiff company is not in dispute and is proved by several documents on record, such as, trademark registration certificates, documents reflecting change of name from time to time, invoices, catalogues, promotion material, etc. Plaintiff has filed copy of Certificate of Part of Historical Items in Commercial Register obtained from the Registrar of Companies, Tokyo.

5.2. It is wrong that Power of Attorney in favour of PW1 does not contain the name and authority of the executor. Her authorization is clearly evident on the notarized copy of the Power of Attorney wherein Mr. Hiroyuki Kaneko authorized PW1 along with three other Advocates to institute the suit on behalf of the Plaintiff Company on 02.06.2015 as constituted Attorneys. In United Bank of India v. Naresh Kumar and Others, (1996) 6 SCC 660, the Supreme Court has liberally interpreted the requirement of Power of Attorney/Board of Resolution and held that de hors Order 29 Rule 1 CPC, since a company is a juristic entity, it can authorize any person to sign the plaint and this would be sufficient compliance with provisions of Order 6 Rule 14 CPC. The Court can, on the basis of evidence on record and circumstances of the case, come to a conclusion that the Corporation had ratified the act of signing the pleadings by its Officer and procedural defects which do not go to the root of the matter should not defeat a just cause. Even otherwise, in the present case, PW1 was duly authorized by a Power of Attorney to institute the present suit and sign and verify the plaint on behalf of the Plaintiff company. Furthermore, she appeared as PW1 and proved her authority to sign and verify the plaint and duly identified her signatures. In these circumstances, it cannot be presumed that the suit was filed without authorization. Moreover, the Board Resolution issued in favour of PW2 by the Managing Director Shumya Shoji explicitly shows that the act of signing the plaint by PW1 was ratified and approved by the Plaintiff Company.

5.3. Contention of the Defendant that Ex.PW1/9 (colly.) and Ex.PW1/10 (colly.) are registration certificates and cannot be used in legal proceedings and the validity of the documents has expired, is misconceived. Original Legal Proceedings Certificates ('LPCs') are on record and are valid having been renewed from time to time. The objection that name of the Plaintiff does not appear in Ex.PW1/9 and Ex.PW1/10 is without merit as it is clearly averred in the plaint that Citizen Holdings Kabushiki Kaisha is also known as Citizen Holdings Co., Ltd.

5.4. Plaintiff has registration for machines and machine tools in Class 07 and non-specification of lathe machines is irrelevant in view of the broad classification principle laid down by the Supreme Court in the case of Nandhini Deluxe (supra) and Vishnudas Trading as Vishnudas Kishendas

(supra). Lathe machine is a machine and is a species under the genus 'machines and machine tools'. Plaintiff has placed on record ample evidence of direct and indirect sales of lathe machines in India from 1978 and it is not important for the purpose of trademark infringement/passing off that the registered proprietor should also be a manufacturer. 5.5. Plea of prior user set up by the Defendant as a defence to passing off claim of the Plaintiff is misplaced. Plaintiff has been using the mark CITIZEN in respect of lathe machines through its subsidiary i.e. Marubeni Citizen-Cincom Inc. (MCC) much prior to 1994, the year of alleged user by the Defendant. Plaintiff gradually expanded its machine tools and lathe machines business in the US by forming Marubeni Citizen-Cincom Inc. (MCC) in the year 1985 and Citizen Machinery Europe GmbH was set-up as its European sales office in the year 1986. Plaintiff's machine tools including lathe machines under the mark CITIZEN CINCOM have received wide recognition and fame internationally and CITIZEN became global brand in the years 1985 and 1986 respectively, when it expanded its business extra-territorially in major international markets in USA and Europe. By early 1980s, it became a well-known fact that Plaintiff was the exclusive proprietor of the mark CITIZEN in respect of lathe machines and other precision machines tools on an extensive scale. In 2001, Citizen Machinery Asia Co., Ltd., the manufacturing base in Thailand was established by the Plaintiff. In 2002, the precision machinery division of Citizen Watch Company was consolidated with the Citizen Precision Machinery Co., Ltd. In 2005, the corporate name of Citizen Precision Machinery Co., Ltd., was changed to Citizen Machinery Co., Ltd., which company then merged with Miyano Machinery Inc. in 2011 and the corporate name was changed to Citizen Machinery Miyano Co., Ltd. In 2015, the corporate name of Citizen Machinery Miyano Co., Ltd. underwent a further change and was renamed as Citizen Machinery Co., Ltd., as it is currently known worldwide as the leader of CNC automated lathe machines. All the companies including Citizen Machinery Co., Ltd., which have manufactured and marketed the precision machinery including lathe machines are part of the Citizen Group. Plaintiff is the holding company of the Citizen Group. Thus, the goodwill and reputation generated by Plaintiff's group companies in respect of the lathe machines and other precision tools shall directly accrue to the Plaintiff being the holding company of the group and the original owner of the trademark CITIZEN. Plaintiff has proved its case through: (a) copies of invoices of Citizen lathe machines between the years 1987-2009, exhibited as Ex.PW1/6 (colly.). These invoices are in the name of Marubeni Corporation, Yamazen Corp. and Citizen Machinery Co., Ltd.; (b) copies of invoices of Citizen lathe machines between the years 1973-2002, which were exhibited as Ex.PW1/12 (colly.) and are in the name of Citizen Watch Co., Tokki Advance Corporation, Citizen Machinery Europe GmbH, Marubeni Corporation and Yamazen Corp.; (c) copies of sales units of Machine Tools (NC Lathes) to India exhibited as Ex.PW1/15 and these invoices are in the name of Citizen Holdings Co., Ltd.; (d) copy of catalogue of Citizen Lathe Machine bearing No. Cincom F12-F16 of the year 1985 in the name of Citizen Watch Co., Ltd. exhibited as Ex.PW1/5; (e) copy of catalogue of Citizen Lathe Machine bearing No. Cincom D-16 in the name of Citizen Watch Co., Ltd. exhibited as Ex.PW1/5; (f) copy of Citizen Cincom D16 Lathe Machine of the year 1977; and (g) copy of the catalogue of Citizen lathe machine bearing No. Cincom L16 in the name of Citizen Watch Co., Ltd. exhibited as Ex.PW1/5. In view of this, the claim of the Defendant being a prior user is not tenable and the judgment of the Supreme Court in Neon Laboratories Limited (supra), does not come to his aid. Additionally, Plaintiff has proved the reputation and goodwill by placing on record promotional material, annual reports, documents evidencing that Plaintiff had highly reputed companies in India, such as, TATA as its clients as also a list of internationally known sports and entertainment

personalities who have been its brand ambassadors.

5.6. It is not open to the Defendant to place reliance on the stand taken by the Plaintiff before the Registrar of Trade Marks post the grant of registration. Moreover, this argument may be open at the stage of deciding an interlocutory injunction application but not at the stage of adjudication of a suit post trial. Defendant cannot seek to contend that CITIZEN is a generic or a laudatory mark, having himself applied for its registration, the application for which is pending on account of opposition by the Plaintiff. Moreover, for watches and/or lathe machines, the mark CITIZEN is arbitrary and cannot be termed as generic or descriptive and is entitled to high degree of protection.

Analysis and Findings:

6. Before proceeding further, it would be relevant to take notice of the proceedings in the Court. Based on the pleadings of the parties, vide order dated 04.10.2016, following issues were settled:-

"(i) Whether the plaintiff is the registered proprietor of Trade Mark Citizen in respect of machines and machine tools? OPP

(ii) Whether use of the Trade Mark CITIZEN and C-TIZEN by the defendant amounts to infringement of plaintiffs registered Trade Mark CITIZEN? OPP

(iii) Whether the use of the Trade Mark CITIZEN and CTIZEN by the defendant would amount to passing off the defendant's goods as that of the plaintiff? OPP

(iv) Whether the present suit suffers from delay, laches and acquiescence? OPD

(v) Whether the present court lacks territorial jurisdiction to entertain and try the present proceedings? OPD

(vi) Whether the plaintiff is entitled to relief of permanent injunction and either reliefs as prayed for in the plaint? OPP

(vii) Whether the plaintiff has suppressed the material facts from this Court? OPD"

7. Plaintiff examined Ms. Sudarshana Sen Mitra, constituted Attorney of the Plaintiff as PW1 and Mr. Preejith P., General Manager of Citizen Machinery Technical Centre, Bangalore as PW2. Defendant being the sole other witness was examined by him. PW1 and PW2 filed their evidence by way of affidavits and were cross-examined by the Defendant, who also filed his evidence by way of affidavit and was cross-examined.

8. Defendant raised objection on the competency of PW1 to sign, verify and institute the plaint in his written statement. Albeit no issue was settled on this, but extensive arguments were canvassed by both sides. It is the case of the Defendant that the plaint was signed and filed by Ms. Sudarshana Sen Mitra as constituted Attorney of the Plaintiff on the basis of Power of Attorney dated 02.06.2015

Ex.PW1/1 but the same cannot be treated as a proper attorney in absence of name and authorisation of the Executor and thus the plaint is not signed, verified and instituted by a competent person. Reliance was placed on the judgment of this Court in M/s. Nibro Limited (supra) and of the Madras High Court in M/s. Schmenger GMBH (supra).

9. This objection deserves to be rejected for more than one reason. The Power of Attorney dated 02.06.2015 was exhibited as Ex.PW1/1 and a bare perusal shows that Mr. Hiroyuki Kaneko has signed on the Power of Attorney and authorized PW1 to act as the constituted Attorney of the Plaintiff along with three other Advocates and is duly notarized. In United Bank of India (supra), the Supreme Court observed that a Company is a juristic entity and it can authorize any person to sign the plaint by a Board Resolution or Power of Attorney and this would be sufficient compliance of provisions of Order 6 Rule 14 CPC. Additionally, even in the absence of such authorisation, where pleadings have been signed by one of its officers, company can ratify the said action of signing the pleadings and ratification can be express or implied. Court can, on the basis of evidence on record and surrounding circumstances, come to a conclusion that the act of signing the pleadings has been ratified. Moreover, there is sufficient power in the Courts to ensure that injustice is not done to a party on account of procedural irregularities which are curable. In the present case, Ms. Mitra appeared as PW1 and proved her authority to sign and verify the plaint and identified her signatures. Board Resolution issued in favour of PW2 by the Managing Director Shumya Shoji creates an inference in favour of the authority of Ms. Mitra to sign and institute the plaint. Deposition of PW1 on this aspect is as follows:-

"...

1) That I am the constituted attorney of Plaintiff in the present suit and as such I am well conversant with the facts of the case and authorized to swear this affidavit on behalf of Plaintiff.

2) I say that the plaint has been signed by me and I am authorized and empowered to sign and verify the plaint and institute the present proceedings on behalf of Plaintiff. Certified true copy of Power of Attorney dated 2nd June, 2015 issued by the Plaintiff in my favour is marked herewith as exhibit EX-PW1/1.

..."

10. In view of the aforesaid, I hold that the plaint has been signed, verified and instituted by a competent person and there is no merit in the objection raised by the Defendant.

ISSUE NO. (i) "(i) Whether the plaintiff is the registered proprietor of Trade Mark Citizen in respect of machines and machine tools? OPP"

11. Plaintiff has filed the present suit as a registered proprietor of the trademark CITIZEN registered in Class 07 under the following registrations:-

12. In support of its registration from 08.03.1961, Registration Certificates as well as LPCs have been filed. Contentions of the Defendant on this score are: (a) LPCs cannot be used in these proceedings; (b) their validity has expired by efflux of time; and (c) without prejudice, registration is in the name of Citizen Watch Company Limited and not in the name of Plaintiff Company, which has filed the suit. The contentions, in my view, are bereft of merit.

13. Registration Certificate issued under Application No.201050 on 08.03.1961 under Section 23(2) of the Trade and Merchandise Marks Act, 1958 clearly reflects registration in the name of 'Citizen Watch Company Limited' in Class 07. This is fortified by the LPC dated 27.01.1962, Ex.PW1/10 (colly.). It is no longer res integra that in matters involving trademark infringement, trademark registration itself is a matter of public record and can be accessed by visiting Trade Mark Registry's website itself. However, for the Court to consider the registration, documentary evidence in the form of either the trademark registration along with the Journal extract or LPC is an authentic document. LPC reflects the trademark, date of application, date of user claimed, assignments and licenses granted, conditions and disclaimers, if any, date of registration, renewals etc. [Ref.: Amrish Agarwal v. Venus Home Appliances Pvt. Ltd., 2019 SCC OnLine Del 9966]. LPC filed by the Plaintiff shows registration of the mark CITIZEN on 08.03.1961 in Class 07. It clearly reflects the name of 'Citizen Holdings Kabushiki Kaisha, also trading as Citizen Holdings Co., Ltd.', as a body incorporate, trading as Citizen Watch Co., Ltd. and the renewal date was 08.03.2013. Description of goods specified in Class 07 is 'machines and machine tools'. In respect of registration in the name of Citizen Watch Company, Plaintiff has averred in the plaint and proved through evidence of PW1 that Citizen Holdings Kabushiki Kaisha also trading as Citizen Holdings Co., Ltd. changed its name to Citizen Watch Co., Ltd. w.e.f. 01.10.2016. Prior thereto, the word CITIZEN was formally adopted as corporate name of company Citizen Tokei Kabushiki Kaisha also known as Citizen Watch Co., Ltd. and in 2007 the name changed to Citizen Holdings Kabushiki Kaisha. Deposition of PW1 on this aspect is as follows:-

"4) I say that the business operations of Plaintiff's predecessor, Shokosha Watch Research Institute (Laboratory) started in Japan in 1918.

The man who bestowed the name CITIZEN on the company was Mr. Shinpei Gotoh, the erstwhile Mayor of Tokyo in the years 1912-26. When Plaintiff's predecessors Shokosha Watch Research Institute (Laboratory), launched its first product - a pocket watch - in the year 1924, Mr. Gotoh called it CITIZEN so that it would be "close to the hearts of people everywhere". Ever since its first adoption in 1924, the mark CITIZEN has been in extensive and continuous use in respect of Plaintiff's products on a global scale. The copy of the catalogue/brochure issued by Plaintiff's in the year 1981 evidencing the complete history of the Plaintiff Group of Companies from the year 1918-1981 is marked herewith as EX-PW1/2 (marked at S. No. 26 of the List of Documents).

5) I say that the Citizen Group of Companies started its business in the year 1930 from a watch business and the word CITIZEN was formally adopted as the corporate name of the Company CITIZEN TOKEI KABUSHIKI KAISHA (also known as CITIZEN WATCH CO., LTD.). Thereafter, the Company has leveraged the manufacturing technology and has nurtured through the manufacture of watches to diversify into the wide range of fields, including industrial machinery,

electronic devices and electronic machines including the lathe machines, and now supplies a vast line up of products to customers around the world. I also say that most of Plaintiff's group companies bear the word CITIZEN as the dominant part of their corporate names. In 2007, Plaintiffs changed their corporate name from CITIZEN TOKEI KABUSHIKI KAISHA (also trading as CITIZEN WATCH CO., LTD.) to CITIZEN HOLDINGS KABUSHIKI KAISHA also trading as CITIZEN HOLDINGS CO. LTD. Plaintiff's name changed to CITIZEN WATCH CO., LTD. with effect from 1 October, 2016. Plaintiff shall file separate application to bring on record the change of name. The complete group profile of the Citizen Group of Companies recording the history of the Citizen Group of Companies and change of the corporate name from Citizen Watch Co., Ltd. to Citizen Holdings Co. Ltd. is marked herewith as EX-PW1/3 (marked at S. No. 21 of the List of Documents).

6) I say that Plaintiff has several group of companies operating and contributing collectively towards the huge volume of industrial precision machines business under the mark CITIZEN worldwide. These companies are either the subsidiaries of Plaintiff herein Citizen Holdings Co., Ltd. and/or affiliated to Plaintiff forming part of the same group of companies. Plaintiff's group of comprises several companies, including but not limited to -

- CITIZEN MACHINERY CO., LTD.
 - CITIZEN (CHINA) PRECISION MACHINERY CO., LTD.
 - CITIZEN MACHINERY ASIA CO., LTD.
 - CITIZEN MACHINERY VIETNAM CO., LTD.
 - CITIZEN MACHINERY PHILIPPINES INC.
 - CINCOM MIYANO KOREA CO., LTD.
 - CINCOM MIYANO TAIWAN CO., LTD.
 - CINCOM MIYANO ASIA SALES CO., LTD.
 - CITIZEN MACHINERY EUROPE GMBH • CITIZEN MACHINERY UK LTD.
 - HESTIKA FRANCE S.A.S. • SIRMA MACCHINE s.r.l.
 - MARUBENI CITIZEN-CINCOM INC.
 - CITIZEN MACHINERY TECHNICAL CENTER [A division of Citizen Watches (India) Pvt. Ltd.]
- Pages printed from Plaintiff's website <http://cmj.citizen.co.jp/english/index.html>, listing Plaintiff's group companies with their office addresses is marked herewith as EX-PW1/4 (marked at S. No. 69 of the List of Documents). Hereinafter, for the sake of convenience, the expression Plaintiff includes its predecessors, subsidiaries, associate companies, licensees, sister concerns etc. all under the

umbrella of the CITIZEN group of companies."

14. The suit was originally filed in the name of Citizen Holdings Co., Ltd. and after the change of name to Citizen Watch Co., Ltd., Court had allowed the application of the Plaintiff to amend the Memo of Parties to change the name of the Plaintiff and file an amended plaint, which was done. Therefore, Defendant cannot argue that the Plaintiff is not the registered proprietor of the trademark CITIZEN based on registration from 08.03.1961 in the name of Citizen Watch Company Limited, going by the structure and company profile of the Plaintiff company. Plaintiff has successfully proved that it is the registered proprietor of the trademark CITIZEN in Class 07 for 'machines and machine tools' and the registration goes back to 08.03.1961 in India. This issue is accordingly decided in favour of the Plaintiff and against the Defendant.

ISSUE NO. (ii) "(ii) Whether use of the Trade Mark CITIZEN and C-TIZEN by the defendant amounts to infringement of plaintiffs registered Trade Mark CITIZEN? OPP"

15. Plaintiff has established and proved through the testimony of PW1, its status as the registered proprietor of the trademark CITIZEN in Class-07 under registration No.201050. Certificate of registration reflecting registration of mark in India on 08.03.1961 is Ex.PW1/9 (Colly.). LPC was proved by PW1 and exhibited as Ex.P1/10 (Colly.). Section 31 of the 1999 Act provides that registration of a trademark shall be prima facie evidence of its validity, which no doubt, is a rebuttable presumption. DW1 in his cross-examination categorically acknowledged that Defendant had not filed any application for cancellation of Plaintiff's registered trademark CITIZEN in Class 07. It is thus affirmed that Plaintiff is the registered owner and proprietor of the said trademark. Relevant evidence of DW1 is as follows:

"Q. Is it correct that you have not filed any application for cancellation of the Plaintiffs registered trade mark "Citizen" in Class 7? A. I have not moved such application."

16. Significantly, it is not Defendant's case that the impugned marks are not identical or deceptively similar to the trademark of the Plaintiff. Defendant asseverates that Plaintiff cannot claim proprietary rights over the mark CITIZEN because it is laudatory; has a dictionary meaning; is generic; and not invented or coined. Defendant asserts his right on the marks CITIZEN and C-TIZEN, on account of his pending applications for registration before the Trade Marks Registry. Substantial part of the defence is that Plaintiff has no registration in the trademark CITIZEN, in respect of 'lathe machines' and thus cannot sue the Defendant for infringement. In my view, Defendant has completely misdirected himself in raising these defences.

17. First and foremost, Defendant is estopped from urging that the trademark CITIZEN is laudatory and/or not a coined or invented word and not registrable, having himself applied for registration of marks CITIZEN and C-TIZEN. [Ref: Automatic Electric Limited v. R.K. Dhawan & Anr., 1999 SCC OnLine Del 27; and Pentel Kabushiki Kaisha and Another v. Arora Stationers and Others, 2019 SCC OnLine Del 8785]. As far as Defendant's applications for registrations of the trademarks

CITIZEN/C- TIZEN for lathe machines are concerned, Plaintiff has proved that oppositions were filed before the Trade Marks Registry in 2008/2010 respectively, when Plaintiff came across Defendant's application in the Trademark Journal No.1384(1) dated 16.01.2008 for registration of trademark CITIZEN and in Journal No.1435 dated 01.03.2010, for "C-TIZEN" and the oppositions are pending. Therefore, Defendant is admittedly not the registered proprietor of the impugned marks. Plaintiff, on the other hand, is the registered proprietor of the mark CITIZEN. Registration bestows prima facie validity to the trademark by virtue of Section 31 of the 1999 Act and Defendant has not been able to rebut this presumption. Response to a specific question put to him during cross- examination whether he had applied for cancellation of Plaintiff's mark CITIZEN, was in the negative.

18. Coming to the issue of registration of CITIZEN mark of the Plaintiff in respect of lathe machine, which is the main plank of argument of the Defendant, Plaintiff has proved its registration in Class 07 for 'machines and machine tools'. Significantly, lathe machines fall under Class 07 of the Nice classification. Class 07 is dedicated to machines and machine tools along with parts thereof. Class 07 encompasses various forms of machines which operate on the basis of mechanical or electrical power, distinguishing them from the manual tools included in Class 08. Therefore, lathe machines which are essentially power tools used for shaping and fabricating metals, wood or other materials are grouped with similar types of industrial and mechanical equipment under Class 07 and it cannot be contended that Plaintiff cannot claim protection of its registered trademark CITIZEN with respect to lathe machines. The other defence taken by the Defendant is that the Registrar of Trade Marks had issued examination report objecting to registration of Plaintiff's marks under Section 11 of the 1999 Act on the ground that many other CITIZEN trademarks were pending registration or had been registered. This defence is irrelevant qua the Defendant as the mark of the Plaintiff proceeded for registration and admittedly, Defendant has not questioned its validity and/or filed for cancellation of the mark.

19. Plaintiff has proved that it is the registered proprietor of the mark CITIZEN and with registration come rights qua user of the mark. Section 28 of the 1999 Act confers certain rights by virtue of registration, subject to other provisions of the 1999 Act, which includes the exclusive right to use the trademark in relation to goods and services in respect of which it is registered and to obtain relief in respect of infringement of the trademark. Action for infringement is a statutory remedy available to a registered proprietor for vindication of his exclusive right to use the trademark in relation to goods for which the mark is registered. It is settled that for infringement analysis the rival marks are compared by the Court and registration grants valuable right of protection from infringement. [Ref:

Kaviraj Pandit Durga Dutt Sharma v. Navaratana Pharmaceutical Laboratories, 1964 SCC OnLine SC 14]. Infringement being a mark-to- mark comparison, a close look on the rival marks will be required to determine if the Defendant had infringed Plaintiff's mark. For the purpose of comparison of rival marks the time tested principles that will be applicable are: (i) competing marks have to be seen as a whole; (ii) marks are not to be kept side by side or dissected or compared syllable by syllable; (iii) resemblance in two marks with reference to eye and the ear as ocular comparison

may not always be a decisive test; (iv) even if there is no visual resemblance, a close affinity of sound could be a decisive factor; and (v) the question has to be approached from the point of view of a man of average intelligence and imperfect recollection. [Ref: Corn Products Refining Co. v. Shangrila Food Products Ltd., AIR 1960 SC 142; Amritdhara Pharmacy v. Satya Deo Gupta, AIR 1963 SC 449; Re Pianotist Co.'s Application, (1906) 23 RPC 774; Parle Products (P) Ltd. v. J.P. and Co., Mysore, AIR 1972 SC 1359; and Ruston & Hornsby Ltd. v. Zamindara Engineering Co., (1969) 2 SCC 727].

20. A comparative table of the trademark of the Plaintiff and the Defendant has been extracted in the earlier part of the judgment, which clearly shows that the competing marks are deceptively similar and phonetically identical. The competing goods in question are lathe machines and naturally relate to the same class of consumers. Use of the impugned mark by the Defendant would certainly cause deception and confusion amongst the public, albeit, there being phonetic identity in the rival marks, the Court is not even required to go into an inquiry whether the infringement is likely to deceive or cause confusion as held in Renaissance Hotel Holdings Inc. v. B. Vijaya Sai and Others, (2022) 5 SCC 1 and Ruston & Hornsby Ltd. (supra), there being a statutory presumption of confusion when rival marks and goods are identical. PW1 through her deposition shed light on the aspect of registration of Plaintiff's trademark CITIZEN and the deceptive similarity/identity between the rival marks and the competing goods i.e lathe machines, as under:

"26) In order to substantiate its assumption. Plaintiff carried out an informal search on the Internet in end 2014, which to the extreme surprise of Plaintiff, revealed Defendant's brazen infringement of Defendant's well-known trademark CITIZEN. The informal search also revealed that Defendant had launched the website www.citizenlathe.in sometime in or after October 2014. The copies of Whois database and snapshot of the website www.citizenlathe.in are marked herewith as Ex-PW1/19 (colly) (marked at S. No. 63 and 64 of the List of Documents dated 04.12.2015).

27) I say that thereafter, few days before filing the present suit, Plaintiff found that Defendant has obtained the domain <citizenlathe.com> as recently as on 27 November, 2015 and started a website, <http://citizenlathe.com/>. The copy of Whois database and a snapshot of the website www.citizenlathe.com is marked herewith as Ex-

PW1/20 (marked at S. No. 66 and 67 of the List of Documents dated 04.12.2015).

28) I say that on the website <http://citizenlathe.com/> the Defendant has stated that "Our vision is to achieve global leadership in the world of Machine tools" (marked at S. No. 67 of the List of Documents dated 04.12.2015). It was thus evident that Defendant had not stopped his business activities under Plaintiff's trademark CITIZEN despite the opposition on the ground of the identity of marks and identity of goods. Instead, Defendant commenced its use on the internet as well leading

to infringement all across India after knowing fully well about the popularity and reputation of the mark CITIZEN of the Plaintiff, which resulted in irreparable damage to the goodwill and reputation of Plaintiff in its CITIZEN trademark in respect of the machine tools and lathe machines. Shocked and concerned by this development, Plaintiff sent a cease and desist notice dated 9 January, 2015 to the Defendant. The copy of the Legal Notice dated 9.01.2015 sent by Plaintiff to the Defendant is marked herewith as Ex-PW1/21 (marked at S. No. 58 of the List of Documents dated 04.12.2015 which is annexed from page no. 499 to 501).

29) I say that failing to receive any response from the Defendant, a reminder to Legal Notice with cover letter was forwarded to the Defendant of the reminder letter and the email is marked herewith as Ex-PW1/22 (marked at S. No. 59 & 60 of the List of Documents dated 04.12.2015). I say that the Defendant failed to respond to Plaintiffs legitimate requisitions despite several reminders, last of which was sent on 6 April, 2015.

30) I say that on 1 May, 2015, Defendant herein filed a frivolous suit before the Hon'ble Additional District Court in Rajkot, Gujarat, claiming that Plaintiff had been issuing groundless threats to the Defendant under the provisions of Section 142 of the Trade Marks Act, 1999 and declaration that the impugned marks of Defendant are not identical or deceptively similar to Plaintiff's CITIZEN marks and prayed for an order of permanent injunction to restrain Plaintiff from issuing groundless threats and thereby interfering with the business activities of Defendant under the impugned 'Citizen' marks. Copies of the Plaint/Suit filed by the Defendant and list of documents filed in support are marked herewith as Ex- PW1/23 (colly) (marked at S. No. 61 of the List of Documents dated 04.12.2015), Copy of the summon issued to Plaintiff herein Si'd Additional District Court, Rajkot is marked herewith as Ex-PW1/24 (marked at S. No. 56 of the List of Documents dated 04.12.2015).

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xxxx

xxxx

33) I say that Plaintiff is seriously aggrieved because o

Defendant's blatant acts of infringement and passing off, as illustrated below, and is justified in taking appropriate steps for protection and enforcement of its trademark rights.

i. Defendant's mark is visually identical and phonetically identical to Plaintiffs prior, registered and well-known trademark CITIZEN. ii. Defendant has even slavishly imitated the font and script of Defendant's CITIZEN logo.....

34) I say that by using identical trademark CITIZEN in the course of trade in respect of identical goods which are lathe machines and machine tools, without any authorization or permission of Plaintiff, Defendant has knowingly infringed Plaintiffs rights under Section 29(1) and 29(2) of the Trade Marks Act, 1999. It was also noticed that all machines of Defendant have the exact colour combination - the name CITIZEN in white against red logo background on light blue coloured body of the machine, which is identical to Plaintiffs CINCOM D-16 lathe machine which was one of the earlier models of Plaintiff sold in India in 1978. Defendant is also guilty of infringement of Plaintiffs registered trademark under Section 29(4) of the Act as Defendant has used/continued to use, the mark CITIZEN without any due cause but obviously to take unfair advantage, which is detrimental

to the distinctive character and repute of the registered trademark CITIZEN of Plaintiff.

35) I say that Plaintiff is already the registered proprietor of the well known trademark CITIZEN worldwide in respect of lathe machines, Signing Date:29.05.2024 23:52:51 machine tools and related goods, which enjoys tremendous trans-border reputation. Therefore, use of an identical mark in respect of identical goods by Defendant or its continued use, will cause/has already caused infringement and passing off of Plaintiffs CITIZEN mark, and allow Defendant to sell its 'Citizen' marked goods under false pretence that the said products are associated or connected with Plaintiff in some manner. Thus, Defendant's actions amount to misrepresentation in course of trade and thereby causing damage to the goodwill and reputation of Plaintiff and dilute the distinctive character associated with the well-known trademark CITIZEN."

21. In this context, it would be apposite to refer to the judgment of the Supreme Court in Renaissance Hotel Holdings Inc. (supra). Plaintiff therein alleged infringement of its well-known trademark 'RENAISSANCE' with its stylized representation, signage, business cards and leaflets. After an in-depth analysis of the provisions of Sections 28 and 29 of the 1999 Act; rights of a registered proprietor; concept of identity of rival marks and rival goods in the context of a claim of infringement; and the judicial precedents on the subject, the Supreme Court held as follows:-

37. A perusal of sub-section (2) of Section 29 of the said Act would reveal that a registered trade mark would be infringed by a person, who not being a registered proprietor or a person using by way of permitted use, uses in the course of trade, a mark which because of the three eventualities mentioned in clauses (a), (b) and (c), is likely to cause confusion on the part of the public, or which is likely to have an association with the registered trade mark. The first eventuality covered by clause (a) being its identity with the registered trade mark and the similarity of the goods or services covered by such registered trade mark.

The second one covered by clause (b) being its similarity to the registered trade mark and the identity or similarity of the goods or services covered by such registered trade mark. The third eventuality stipulated in clause

(c) would be its identity with the registered trade mark and the identity of the goods or services covered by such registered trade mark.

38. It is, however, pertinent to note that by virtue of sub-section (3) of Section 29 of the said Act, the legislative intent insofar as the eventuality contained in clause (c) is concerned, is clear. Sub-section (3) of Section 29 of the said Act provides that in any case falling under clause (c) of sub-section (2) of Section 29 of the said Act, the Court shall presume that it is likely to cause confusion on the part of the public.

xxx xxx xxx

48. The legislative scheme is clear that when the mark of the defendant is identical with the registered trade mark of the plaintiff and the goods or services covered are similar to the ones covered by such registered trade mark, it may be necessary to prove that it is likely to cause confusion on the part of the public, or which is likely to have an association with the registered trade mark. Similarly, when the trade mark of the plaintiff is similar to the registered trade mark of the defendant and the goods or services covered by such registered trade mark are identical or similar to the goods or services covered by such registered trade mark, it may again be necessary to establish that it is likely to cause confusion on the part of the public. However, when the trade mark of the defendant is identical with the registered trade mark of the plaintiff and that the goods or services of the defendant are identical with the goods or services covered by registered trade mark, the Court shall presume that it is likely to cause confusion on the part of the public.

51. Again, while considering the provisions of Section 21 of the 1940 Act, this Court in *Ruston & Hornsby [Ruston & Hornsby Ltd. v. Zamindara Engg. Co., (1969) 2 SCC 727]*, observed thus : (SCC pp. 729- 30, paras 4-6) "4. It very often happens that although the defendant is not using the trade mark of the plaintiff, the get up of the defendant's goods may be so much like the plaintiff's that a clear case of passing off would be proved. It is on the contrary conceivable that although the defendant may be using the plaintiff's mark the get up of the defendant's goods may be so different from the get up of the plaintiff's goods and the prices also may be so different that there would be no probability of deception of the public. Nevertheless, in an action on the trade mark, that is to say, in an infringement action, an injunction would issue as soon as it is proved that the defendant is improperly using the plaintiff's mark.

5. The action for infringement is a statutory right. It is dependent upon the validity of the registration and subject to other restrictions laid down in Sections 30, 34 and 35 of the Act. On the other hand the gist of a passing off action is that A is not entitled to represent his goods as the goods of B but it is not necessary for B to prove that A did this knowingly or with any intent to deceive. It is enough that the get-up of B's goods has become distinctive of them and that there is a probability of confusion between them and the goods of A. No case of actual deception nor any actual damage need be proved. At common law the action was not maintainable unless there had been fraud on A's part. In equity, however, Lord Cottenham, L.C., in *Millington v. Fox [Millington v. Fox, (1838) 3 My & Cr 338 : 40 ER 956]* held that it was immaterial whether the defendant had been fraudulent or not in using the plaintiff's trade mark and granted an injunction accordingly. The common law courts, however, adhered to fusing law and equity, gave the equitable rule the victory over the common law rule.

6. The two actions, however, are closely similar in some respects. As was observed by the Master of the Rolls in *Saville Perfumery Ltd. v. June Perfect Ltd. [Saville Perfumery Ltd. v. June Perfect Ltd., (1941) 58 RPC 147 at p. 161 (HL)]* :

'The statute law relating to infringement of trade marks is based on the same fundamental idea as the law relating to passing-off. But it differs from that law in two particulars, namely (1) it is concerned only with one method of passing-off, namely, the use of a trade mark, and (2) the statutory protection is absolute in the sense that

once a mark is shown to offend, the user of it cannot escape by showing that by something outside the actual mark itself he has distinguished his goods from those of the registered proprietor. Accordingly, in considering the question of infringement the courts have held, and it is now expressly provided by the Trade Marks Act, 1938, Section 4, that infringement takes place not merely by exact imitation but by the use of a mark so nearly resembling the registered mark as to be likely to deceive."

52. It could thus be seen that this Court again reiterated that the question to be asked in an infringement action is as to whether the defendant is using a mark which is same as, or which is a colourable imitation of the plaintiff's registered trade mark. It has further been held that though the get-up of the defendant's goods may be so different from the plaintiff's goods and the prices may also be so different that there would be no probability of deception of the public, nevertheless even in such cases i.e. in an infringement action, an injunction would be issued as soon as it is proved that the defendant is improperly using the plaintiff's mark. It has been reiterated that no case of actual deception nor any actual damage needs to be proved in such cases. This Court has further held that though two actions are closely similar in some respects, in an action for infringement, where the defendant's trade mark is identical with the plaintiff's trade mark, the Court will not enquire whether the infringement is such as is likely to deceive or cause confusion.

53. In the present case, both the trial court and the High Court have come to the conclusion that the trade mark of the respondent-defendants is identical with that of the appellant-plaintiff and further that the services rendered by the respondent-defendants are under the same class i.e. Class 16 and Class 42, in respect of which the appellant-plaintiff's trade mark "RENAISSANCE" was registered. In such circumstances, the trial court had rightly held that the goods of the appellant-plaintiff would be covered by Section 29(2)(c) read with Section 29(3) of the said Act.

54. However, the High Court, while reversing the decree of injunction granted by the trial court, has held that the appellant-plaintiff had failed to respondent-defendants' use thereof was honest and further that there was no confusion likely to be created in the minds of the consumers inasmuch as the class of consumers was totally different. It appears that the High Court has relied only on clause (c) of sub-section (4) of Section 29 of the said Act to arrive at such a conclusion.

55. We find that the High Court has totally erred in taking into consideration only clause (c) of sub-section (4) of Section 29 of the said Act. It is to be noted that, whereas, the legislature has used the word "or"

after clauses (a) and (b) in sub-section (2) of Section 29 of the said Act, it has used the word "and" after clauses (a) and (b) in sub-section (4) of Section 29 of the said Act. It could thus be seen that the legislative intent is very clear. Insofar as sub-section (2) of Section 29 of the said Act is concerned, it

is sufficient that any of the conditions as provided in clauses

(a), (b) or (c) is satisfied.

xxx xxx xxx

58. Undisputedly, the appellant-plaintiff's trade mark "RENAISSANCE" is registered in relation to goods and services in Class 16 and Class 42 and the mark "SAI RENAISSANCE", which is identical or similar to that of the appellant-plaintiff's trade mark, was being used by the respondent-defendants in relation to the goods and services similar to that of the appellant-plaintiff's.

59. In these circumstances, we are of the considered view that it was not open for the High Court to have entered into the discussion as to whether the appellant-plaintiff's trade mark had a reputation in India and the use of the mark without due cause takes unfair advantage of or is detrimental to, the distinctive character or repute of the registered trade mark. We find that the High Court has erred in entering into the discussion as to whether the respondent-defendants and the appellant-plaintiff cater to different classes of customers and as to whether there was likely to be confusion in the minds of consumers with regard to the hotel of the respondent-defendants belonging to the same group as of the appellant- plaintiff's. As held by this Court in *Ruston & Hornsby [Ruston & Hornsby Ltd. v. Zamindara Engg. Co., (1969) 2 SCC 727]*, in an action for infringement, once it is found that the defendant's trade mark was identical with the plaintiff's registered trade mark, the Court could not have gone into an enquiry whether the infringement is such as is likely to deceive or cause confusion. In an infringement action, an injunction would be issued as soon as it is proved that the defendant is improperly using the trade mark of the plaintiff.

60. It is not in dispute that the appellant-plaintiff's trade mark "RENAISSANCE" is registered under Class 16 and Class 42, which deals with hotels and hotel related services and goods. It is also not in dispute that the mark and the business name "SAI RENAISSANCE", which was being used by the respondent-defendants, was also in relation to Class 16 and defendants as a part of their trade name or business concern, would squarely be hit by sub-section (5) of Section 29 of the said Act.

61. It is further to be noted that the words "RENAISSANCE" and "SAI RENAISSANCE" are phonetically as well as visually similar. As already discussed hereinabove, sub-section (9) of Section 29 of the said Act provides that where the distinctive elements of a registered trade mark consist of or include words, the trade mark may be infringed by the spoken use of those words as well as by their visual representation. As such, the use of the word "SAI RENAISSANCE" which is phonetically and visually similar to "RENAISSANCE", would also be an act of infringement in view of the provisions of sub-section (9) of Section 29 of the said Act."

22. The Supreme Court distinguished the judgment in *Nandhini Deluxe (supra)*, which is relied upon heavily by the Defendant, as follows:-

"73. Insofar as reliance placed on the judgment of this Court in *Nandhini Deluxe [Nandhini Deluxe v. Karnataka Coop. Milk Producers Federation Ltd., (2018) 9 SCC*

183 : (2018) 4 SCC (Civ) 303] is concerned, in the said case, the marks for consideration were "Nandhini"

and "Nandini". It will be relevant to refer to the following observations of this Court in the said case : (SCC p. 211, para 30) "30. Applying the aforesaid principles to the instant case, when we find that not only visual appearance of the two marks is different, they even relate to different products. Further, the manner in which they are traded by the appellant and the respondent respectively, highlighted above, it is difficult to imagine that an average man of ordinary intelligence would associate the goods of the appellant as that of the respondent."

74. It could thus be seen that in the facts of the said case, not only the visual appearance of the two marks were different, but they even related to different products. As such, the said judgment would also be of no assistance to the case of the respondent-defendants in the present case."

23. Observations of the Bombay High Court in Kamal Trading Co., Bombay and Others v. Gillette U.K. Limited, Middle Sex, England, 1987 SCC OnLine Bom 754, are relevant to the context and I quote:-

"10. Mr. Tulzapurkar very rightly submitted that the trade mark '7 O'CLOCK.' had acquired worldwide reputation and any customer purchasing the goods with that mark would immediately connect the goods to the house of Gillets which are the registered owners of the mark '7 O'CLOCK.'. It cannot be overlooked that it is not necessary for the plaintiffs to establish that in fact any customer was deceived, but it is enough if it is shown that there is likelihood of deception. We have no Signing Date:29.05.2024 23:52:51 hesitation in concluding that the user of the mark '7 O'CLOCK.' by the defendant would clearly result in deceiving the customer with the impression that the tooth brushes come from the house of Gilletes. A faint submission was advanced by Mr. Desai that the plaintiffs cannot use trade mark '7 O'CLOCK.' simplicitor in India and it is not necessary to add a to word 'Ejte' while selling the razor blade, We fail to appreciate how additional word would make any difference and how it will enable the defendants to pass off their products by using the mark '7 O' CLOCK' simplicitor."

24. On a scrutiny of the rival marks, I find merit in the stand of the Plaintiff that its registered mark CITIZEN and the impugned marks CITIZEN and C-TIZEN are deceptively similar, visually and phonetically identical. The rival goods are also identical i.e. lathe machines and judged from the perspective of a purchaser with average intelligence and imperfect recollection, it cannot be argued by the Defendant that the overall impression so created would not lead to confusion or association. Plaintiff has established and proved that all ingredients of Section 29(2) of the 1999 Act are made out and Defendant is guilty of infringement. Issue No.(ii) is decided in favour of the Plaintiff and against the Defendant. ISSUE NO. (iii):

"(iii) Whether the use of the Trade Mark CITIZEN and CTIZEN by the defendant would amount to passing off the defendant's goods as that of the plaintiff? OPP"

25. Passing off is a common law remedy as opposed to infringement which is a statutory remedy. Essential characteristics of a passing off action in the words of Lord Diplock in *Erven Warnink B.V. v. J. Townend & Sons (Hull) Ltd.*, 1980 RPC 31, are as under:-

"(1) misrepresentation, (2) made by a person in the course of trade, (3) to prospective customers of his or ultimate consumers of goods or services supplied by him (4) which is calculated to injure the business or goodwill of another trader (in the sense that this is a reasonably foreseeable consequence and (5) which causes actual damage to a business or goodwill of the trader by whom the action is brought or (in a

26. Law with respect to passing off is well-settled and there is wealth of judicial precedents on this subject. In order to avoid prolixity, I may refer to a judgment of a Co-ordinate Bench of this Court in *FDC Ltd. vs. Faraway Foods Pvt. Ltd.*, 2021 SCC Online Del 1539, wherein the following principles in relation to the tort of passing off have been culled out, relying on the judicial precedents:-

"75. From the aforementioned decisions, the following clear principles emerge:

(i) Passing off, though an action based on deceit, does not require the establishment of fraud as a necessary element to sustain the action.

Imitation or adoption, by the defendant, of the plaintiffs trade mark, in such manner as to cause confusion or deception in the mind of prospective customers, is sufficient.

(ii) The principles for grant of injunction, in passing off actions, are the same as those which govern the grant of injunctions in other cases, i.e. the existence of a prima facie case, the balance of convenience, and the likelihood of irreparable loss in issuing to the plaintiff, were injunction not to be granted.

(iii) Proof of actual damage is not necessary, to establish passing off. However, proof of misrepresentation is necessary, even if intent to misrepresent is not approved. The question of intent may, nevertheless, be relevant, when it comes to the ultimate relief to be granted to the plaintiff.

(iv) Passing off may be alleged by a claimant who owns sufficient proprietary interest in the goodwill associated with the product, which is really likely to be damaged by the alleged misrepresentation.

(v) Grant of injunction, in cases where passing off is found to exist, is intended to serve two purposes, the first being preservation of the reputation of the plaintiff, and the second, safeguarding of the public against goods which are "passed off as those of the plaintiff.

(vi) The ingredients/indicia of the tort of passing off are the following:

(a) There must be sale, by the defendant, of goods/services in a manner which is likely to deceive the public into thinking that the goods/services are those of the

plaintiff.

(b) The plaintiff is not required to prove long user to prove established reputation. The existence, or otherwise, of reputation, would depend upon the volume of the plaintiffs sales and the extent of its advertisement.

(i) misrepresentation by the defendant to the public, though not necessarily mala fide,

(ii) likelihood of confusion in the minds of the public (the public being the potential customers/users of the product) that the goods of the defendant are those of the plaintiff, applying the test of a person of "imperfect recollection and ordinary memory",

(iii) loss, or likelihood of loss, and

(iv) goodwill of the plaintiff, as a prior user.

Elsewhere, the five elements of passing off have been identified as

(a) misrepresentation,

(b) made by the trader in the course of trade, (c) to prospective customers or ultimate consumers of the goods or services supplied by him, (d) calculated to injure the business or goodwill of another (i.e. that such injury is reasonably foreseeable) and (e) actual damage, or the possibility of actual damage, to the business or goodwill of the plaintiff.

(vii) In cases of alleged passing off, the Court, while examining the likelihood of causing confusion, is required to consider, in conjunction, inter alia,

(a) the nature of the market,

(b) the class of customers dealing in the product,

(c) the extent of reputation possessed by the plaintiff,

(d) the trade channels through which the product is made available to the customer and

(e) the existence of connection in the course of trade. The Supreme Court has also held that, in passing off action on the basis of unregistered trade marks, the Court is required to assess the likelihood of deception or confusion by examining

(i) the nature of the marks, i.e. whether there were demands/label marks/composite marks,

(ii) the degree of similarity between the competing marks,

(iii) the nature of the goods,

(iv) the similarity in nature, character and performance of the goods of the rival parties,

(v) the class of purchasers, and the degree of care which they would be expected to exercise while purchasing the goods, and

(vi) the mode of purchasing the goods and placing orders.

(viii) That the defendant is not producing the goods manufactured by the plaintiff may not be relevant, where the plaintiff's mark is found to have sufficient reputation.

(ix) Courts are required to be doubly vigilant where passing off is alleged in respect of pharmaceutical products, in view of the possibility of adverse effects resulting from administration of a wrong drug. For the said reason, the degree of proof is also lower, in the case of alleged passing of pharmaceutical products.

(x) Passing off differs from infringement. Passing off is based on the goodwill that the trader has in his name, whereas infringement is based on the trader's proprietary right in the name, registered in his favour. Passing off is an action for deceit, involving passing off the goods of one person as those of another, whereas an action for infringement is a statutory remedy conferred on the registered proprietor of a registered trade mark for vindication of its exclusive right to use the trade mark in relation to the goods in respect of which registration has been granted. Use of the trade mark by the defendant is not necessary for infringement, but it is a *sine qua non* for passing off. Once sufficient similarity, as is likely to deceive, is shown, infringement stands established.

Passing off, however, may be resisted on the ground of added material, such as packing, procurement through different trade channels, etc., which would distinguish the goods of the defendant from those of the plaintiff and belie the possibility of confusion or deception."

27. In *Satyam Infoway Ltd. vs. Siffynet Solutions (P) Ltd.*, (2004) 6 SCC 145, the Supreme Court observed that action of passing off is based on the goodwill and reputation that a trader has in the trademark or trade name and the remedy for an action for passing off is to preserve the goodwill and reputation of the Plaintiff as well as to safeguard the public against deception by believing the goods of one person to be those of another. The parameters required to be established by a party prosecuting a claim of passing off have been succinctly brought out in Halsbury's Laws of England,

Vol. 38 (3rd Edition) para 998, as follows:

"998. Essentials of the cause of action The plaintiff must prove that the disputed name, mark, sign or get up has become distinctive of his goods in the sense that by the use of his name or mark, etc. in relation to goods they are regarded, by a substantial number of members of the public or in the trade, as coming from a particular source, known or unknown; it is not necessary that the name of the plaintiff's firm should be known..... The plaintiff must further prove that the defendant's use of name or mark was likely or calculated to deceive, and thus cause confusion and injury, actual or probable, to the goodwill and the plaintiff's business, as for example, by depriving him of the profit that he might have had by selling the goods which ex hypothesi, the purchaser intended to buy. Thus, the cause of action involves a combination of distinctiveness of the plaintiff's name or mark and an injurious use by the defendant of the name or mark or a similar name or mark, sign, picture or get-up does or does not amount to passing off is in substance a question of evidence; the question whether the matter complained of is likely to deceive is a question for the Court."

28. In *Rolex SA v. Alex Jewellery Pvt. Ltd. & Ors.*, 2014 SCC OnLine Del 1619, this Court has captured the principles enunciated by the Supreme Court in the case of *Laxmikant V. Patel v. Chetanbhai Shah and Another*, (2002) 3 SCC 65, with regard to the test of confusion and deception to prove a case of passing off. Relevant passage is as follows:-

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

"The law does not permit any one to carry on his business in such a way as would persuade the customers or clients in believing that his goods or services belonging to someone else are his or are associated therewith. It does not matter whether the latter person does so fraudulently or otherwise. The reasons are two. Firstly, honesty and fair play are, and ought to be, the basic policies in the world of in connection with

his business or services which already belongs to someone else it results in confusion and has propensity of diverting the customers and clients of someone else to himself and thereby resulting in injury."

In this case, the Apex Court further observed that:

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

29. From a conspectus of the aforesaid judgments and the principles propounded therein, it emerges that an action for passing off is brought by a Plaintiff to restrain the Defendant from passing off its goods and/or services to the public and is inherently aimed not only to protect and preserve the reputation of the Plaintiff but also to safeguard the public interest. The action is based on the reputation and goodwill of the Plaintiff albeit it is not essential for the Plaintiff to prove a long user to establish reputation and it would depend upon the volume of sales and extent of advertisement in a given case. The pre-requisite of making a claim alleging passing off is that the Defendant must have sold its goods or offered its services in a manner which has deceived or is likely to deceive the public into believing that the goods or services are that of the Plaintiff. Passing off is a common law remedy and does not require registration of the trademark of the Plaintiff. Passing off is 'goods' specific contrasted with infringement, which is 'mark' specific. Thus, the sine qua non of passing off action is "misrepresentation" by the Defendant to the public, in the course of trade. Injury to reputation and goodwill of the Plaintiff is the second essential element and loss or likelihood of loss is the third ingredient of an action of passing off.

30. In the present case, the rival goods are identical, albeit it is significant to note that similarity of goods is not a sine qua non in an action Plaintiff was not manufacturing/selling lathe machines in India, under the trademark CITIZEN. The controversy whether the action for passing off must necessarily be premised on 'common field of activity' arose before the Bombay High Court in *Kirloskar Diesel Recon Pvt. Ltd. & another v. Kirolskar Proprietary Ltd. and others*, 1995 SCC OnLine Bom 312 and I may refer to the following paragraphs of the said judgment:-

"13. The expression 'common field of activity' was coined by Wynne- Parry J. in *McCulloch v. Levis A. May (Product Distributors) Ltd.* popularly known as 'Uncle Mac' case reported in 65 RPC 58 in which he held that its presence or absence was conclusive in determining whether or not there was passing off. However, the requirement that a 'common field of activity' is conclusive in determining whether there can be passing off has been extensively criticised by Manning J. in the case of *Henderson v. Radio Corp. Pty.* reported in (1969) RPC 218 holding that it would be unsafe to adopt the view expressed in *McCulloch v. Mary* that what has been called a common field of activity must be established in every case to entitle the plaintiff to succeed. He further held that it is going too far to say that the absence of this so-called common field of activity necessarily bars a plaintiff from relief. With the passage of time, law on requirement of common field of activity in a passing off action has radically changed. There is no requirement for a common field of activity

to found a claim in passing off. In *Marage Studies v. Counter Feat Clothing Co. Ltd.* reported in (1991) FSR 145, Browne Wilkison V-C said that the so-called requirement of the law that there should be a common field of activity is now discredited. The real question in each case is whether there is as a result of misrepresentation a real likelihood of confusion or deception of the public and consequent damage to the plaintiff. The focus is shifted from the external objective test of making comparison of activities of parties to the state of mind of public in deciding whether it will be confused. With the passage of time and reputation acquired, the trade mark 'Kirloskar' has acquired the secondary meaning and has become almost a household word. The judgments relied upon by Mr. Kane pertain to the cases of one type of business and not where variety of businesses have been carried by the plaintiff and defendant as in the instant case. The business activities of the Respondents vary from pin to piano as borne out from the object clauses of the Memorandums of Association of the Respondents. The Appellants have still to commence their business activities but as mentioned in the Memorandums of Association of 1st Appellant in each appeal, some of the object clauses therein overlap with the activities of Respondents and more particularly of Respondents Nos. 6 and 7.

14. In the case of trading name which has become almost a household word and under which trading name a variety of activities are undertaken, a passing off can successfully lie if the defendant has adopted identical or similar trading name and even when the defendant does not carry on similar activity. Even if the defendant's activities in such circumstances, are remote, the same are likely to be presumed a possible extension of plaintiff's business or activities. In the instant case, the Respondents have established that word 'Kirloskar' has become a household word and their businesses cover variety of activities and that there is even a common connection with some activities of the Respondents and activities of the Appellants. In the case of *Albion Motor Car Company Ltd. v. Albion Carriage and Motor Body Works Ltd.* (34 RPC 257) (supra) on which reliance has been placed by Mr. Tulzapurkar, it has been held that the Defendant Company's business had not been proved to be the same class of business as that of the Plaintiff Company, yet the probability of confusion between the two companies, both being connected with the motor car industry, was proved and injunction was granted. In that case, the Plaintiff Company carried business in a large way as makers of engines and chassis of commercial and other motor-cars, their goods being identified and known to the trade by the name 'Albion' for which they had two Trade Marks. The defendants did not make motor cars or manufacture engines or chassis. In the action, the plaintiffs alleged that the use of the word 'Albion' in the title under which the defendants company was later on incorporated was calculated to deceive and lead to the belief that the defendant Company was a branch of or connected with the plaintiff company.

15. The law of passing off protects goodwill against its erosion or mark. The exclusive reputation of trading name is protected and prevented from being debased. The Delhi

High Court in the case of *Dainler Benz Aktregesellschaft v. Hybo Hindustan* (AIR 1994 Delhi 239) (supra) relied on by Mr. Tulzapurkar, has correctly held that the trade mark law is not intended to protect a person who deliberately sets out to take the benefit of somebody else's reputation with reference to goods, especially so when the reputation extends world wide. It is further held that there are names and marks which have become household word 'Benz' as name of a car would be known to every family that has ever used a quality car. The name 'Benz' as applied to a car, has a unique place in the World. Thus the boxes in which the defendant sells undergarments for men, and the representation therein is of a man with his legs separated and hands joined together above his shoulder, all within a circle indicate, the strong suggestion of a link between the three pointed star of 'Mercedes Benz' car and the undergarments sold by the defendant. This cannot be considered to be a 'honest concurrent user' by the defendant of the said symbol and hence, the defendant could be restrained from using the word 'Benz' with reference to any underwear which is manufactured by the defendant."

31. The inevitable conclusion that can be drawn from the judgements on the issue is that common field of activity is not a sine qua non and the real question is whether as a result of misrepresentation, a real likelihood of confusion or deception to the public arises with a consequent damage to the Plaintiff, who has formidable and immense goodwill and reputation on account of usage of the trademark with respect to the goods in question. Well-known/reputed/distinctive marks have qualities which transcend goods/services for which they are registered. Reputation/goodwill attached to such marks confuses a customer into believing that even dissimilar goods emanate from or are associated with the holder of the mark. The facts of the present case and the evidence led by the Plaintiff leaves no doubt that the trademark CITIZEN has acquired distinctiveness and with passage of time the brand has achieved immense reputation internationally and in India, both in watches and lathe machines. The evidence on record, both oral and documentary, shows extensive and continuous user of the trademark CITIZEN by the Plaintiff. Annual sales turnover, expenditure incurred on promotions and advertisements, niche clientele of the Plaintiff etc., referred to above, are evidence to the fact that Plaintiff has garnered huge reputation over the last 5 decades and the trademark CITIZEN has become closely associated with the Plaintiff and none else. There is no merit in the contention that the dissimilarity in lathe machines and watches, assuming that Plaintiff does not sell lathe machines, defeats the claim of the Plaintiff for passing off. On a factual note, Plaintiff's predecessor started its business in watches but it subsequently expanded into precision and lathe machines and obtained registrations even in India in Class 07 in 1961 for 'machines and machine tools', which includes lathe machines in the NICE classification and has been selling the lathe machines since 1978.

32. Comparing the two competing marks, there is no doubt that the impugned mark is phonetically identical and visually deceptively similar to the trademark of the Plaintiff. Defendant's intent to pass off his machines as those of the Plaintiff is evident from a mere look at them, which shows that a conscious effort was made to come as close as possible to the Plaintiff by using the same light blue colour for the body of the machines and the mark CITIZEN appearing on the machines is a mirror image of Plaintiff's logo with the word CITIZEN written in white on a red background as on

Plaintiff's CINCOM D-16 lathe machine, which was one of the earlier models of the Plaintiff, sold in India in 1978.

33. PW1 has proved that Plaintiff is a company which belongs to Citizens Group and has a global reputation. Ex.PW1/2, PW1/3 and PW1/13 are the documents exhibited in this regard. International sales figures averaging into USD 378,674 (in thousands) from the years 2006 to 2014 have been proved through Ex.PW1/11, PW1/14 and PW1/15. Coming specifically to the lathe machines, the goods in question, Plaintiff has filed invoices relating to sales of lathe machines both internationally and direct sales to India through exports and through its Indian subsidiaries. PW1 deposed that Plaintiff's predecessor started its business operation in Japan in 1918 in the name of Shokosha Watch Research Institute (Laboratory) and the first product, i.e. pocket watch was launched in 1924 and ever since the mark CITIZEN has been in continuous and extensive use on a global scale. From 1930, CITIZEN was adopted as a corporate name of the company Citizen Tokei Kabushiki Kaisha (also trading as Citizen Watch Co., Ltd.). In 2007, Plaintiff changed the corporate name to Citizen Holdings Kabushiki Kaisha and finally to Citizen Watch Co., Ltd. in 2016. PW1 deposed that in 1960, a formal contract was signed with HMT to manage a plant for domestic watch production in India. Sales figures with respect to watches have been proved by PW1. It was deposed that Plaintiff is in business of industrial precision machine tools since 1936 and from 1961 it has been selling them worldwide. In 1982, a separate legal entity Citizen Precision Machinery Co., Ltd. was established in Japan to concentrate on manufacture and sales of precision machine tools and the business gradually expanded to US by forming Marubeni Citizen-Cincom Inc. (MCC) in 1985. The business expanded to Europe and by the end of 1980's Plaintiff was a well-known manufacturer of machines and machine tools.

34. PW1 further deposed that lathe machines were first sold in India in 1978 and she proved the sales invoices as PW1/6 (Colly.). Ex.PW1/15 is a list of unit-wise sales of lathe machines sold by the Plaintiff group of companies in India. Vouchers filed by the Plaintiff and proved by PW1 indicate user of the Plaintiff of the mark CITIZEN in respect of lathe machines prior to 1994 i.e. the year from which Defendant purportedly started selling its lathes under the impugned marks. Lathe machines were exported into India and delivered at different addresses in Bangalore on 13.07.1987/08.09.1987; in Bombay on 19.01.1988/02.05.1991/07.05.1991/ 28.07.1992/01.08.1992; and in Pune on 28.07.1992, to refer a few and the sales have continued thereafter. PW1/16 is the copy of exhibition guide with respect to exhibition held in Bangalore in 2007. Plaintiff has thus proved and established its reputation and goodwill, both internationally and in India by actual sales, prior to 1994 and is a prior user.

35. Defendant has not been able to dent the evidence led by the Plaintiff showing prior user, his only defence to passing off. The entire case of the Defendant is that for lathe machines Defendant is 'first in the market', selling machines from 1994 and cannot be sued for passing off, by a subsequent user. On the proposition of law, there can be no doubt that the "first in the market principle" has always enjoyed pre-eminence and to avoid prolixity, I may only refer to the judgments of the Supreme Court in *N.R. Dongre and Others v. Whirlpool Corporation and Another*, 1995 SCC OnLine Del 310; *Milmet Oftho Industries and Others v. Allergan Inc.*, (2004) 12 SCC 624; *S. Syed Mohideen v. P. Sulochana Bai*, (2016) 2 SCC 683; and *Neon Laboratories Limited (supra)*. Defendant would have

succeeded on this principle had the Plaintiff failed to establish its user prior to 1994. However, ample evidence has been placed on record by the Plaintiff to show actual sales of lathe machines in India prior to the year 1994, as above mentioned.

36. In my considered view, it is the Defendant who has failed to render any plausible reason for adoption of the mark CITIZEN for his lathe machines in 1994, when Plaintiff's trademark CITIZEN had substantial goodwill and reputation and clearly this is a textbook case of dishonest adoption. Relevant in this regard would be to refer to the judgment of this Court in Rolex SA (supra), where the Defendant had adopted the trademark 'ROLEX' of the Plaintiff and the reason furnished was that 'ROL' was derived from Rolled Gold used for manufacturing jewellery and the suffix 'EX' was derived from the name of Mr. Joseph Mudaliyar's son Alex, who was the Director of Defendant No. 1. The Court found the reasoning to be false and an afterthought and observed as under:-

"25.The explanation given by defendant No. 1 about the adoption of the trade mark ROLEX to the effect that 'ROL' is derived from rolled gold used for manufacturing its products and 'EX' is derived from the suffix of Mr. Joseph Mudaliyar's son Alex (Mr. Mudaliyar being the director of Defendant No. 1) is false. Such an explanation is absolutely an afterthought and without any basis and reason. The fact that ROLEX is an by plaintiff much prior to defendant No. 1. Such adoption/use of the trade mark ROLEX is dishonest, tainted and cannot be of any avail to defendants or justify their continued use of the trade mark/name Rolex. Using the said highly reputed trademark is a fraud itself within the knowledge of the defendants. No amount of user, justification or explanation can purify the bad intention of the defendants. It is a matter of fact that despite having knowledge of and in any event being put on notice of plaintiff's prior statutory and proprietary rights in the registered and reputed trade mark ROLEX, defendant No. 1 has with impunity continued to violate the rights of plaintiff. Such continued misuse of the defendant No. 1 is at its own peril and any claims on such basis are unsustainable. Defendant No. 1 cannot be permitted to take advantage of its dishonest adoption and continued unauthorized use of the trade mark ROLEX despite knowledge of plaintiff's rights."

37. In this context, I may also refer to the following passage from the judgment of the Bombay High Court in Jawed Habib Hair and Beauty Ltd. v. Manoj Kumar Sharma, 2018 SCC OnLine Bom 15951:-

"7. I have heard the submissions in detail and perused the record. The Plaintiff has secured statutory rights in respect of trade mark "JAWED HABIB" and "JH" label, and from the documents annexed to the Plaint, prima facie, it appears that the same have gained reputation and goodwill. There is no manner of doubt that Defendant has no right to use the impugned trade marks which are identical with and/or deceptively similar to the Plaintiff's registered trademarks/ labels. Admittedly, the Defendant is not the franchisee of the Plaintiff. The adoption of the impugned trade mark "JAWED HABIB" and "JH" label by the Defendants cannot be a matter of

coincidence. The adoption and use of the impugned marks "JAWED HABIB" and "JH" label by the Defendant is therefore deliberate and dishonest. In the circumstances, a strong prima facie case for the grant of ad-interim reliefs is made out. Unless reliefs as prayed for are granted, the Plaintiff is likely to suffer injury."

38. It is settled that in a case of dishonest adoption, no amount or length of user can be a defence. Plaintiff has proved its user of the trademark CITIZEN at least from 1978 in India and its formidable reputation and goodwill in the field of lathe machines. Defendant has not denied the genuineness of any document including the sales invoices. Defendant has used Plaintiff's trademark CITIZEN only to pass off his machines as those of the Plaintiff by misrepresenting and with the established goodwill and reputation of the Plaintiff, confusion is inevitable. The trademark CITIZEN has been extensively used worldwide and in India by plaintiff much prior to the Defendant and its adoption and use by the Defendant is dishonest and tainted, to state the least and thus the length of user from 1994 cannot come to his rescue. Despite having knowledge of and in any event being put to notice of plaintiff's prior statutory and proprietary rights in the registered and reputed trade mark CITIZEN, Defendant has with impunity continued to violate the rights of the plaintiff and as per settled law, such continued misuse of the Defendant was at his own peril. All ingredients of tort of passing off are made out and Issue No.(iii) is decided in favour of the Plaintiff and against the Defendant.

ISSUE NO. (iv) "(iv) Whether the present suit suffers from delay, laches and acquiescence? OPD"

39. Insofar as the delay is concerned, Plaintiff has explained that as soon as it learnt of the applications filed by the Defendant for registration of the impugned marks CITIZEN and C-TIZEN in 2008 and 2010 respectively, oppositions were filed with the Registrar of Trade Marks. Under a bona fide impression that oppositions were pending and Defendant would not be using the mark, Plaintiff took no further action. However, in 2014, on an informal search on the Internet when it was discovered that Defendant was brazenly infringing Plaintiff's trademark and had obtained a domain name with the word CITIZEN, suit was filed on 27.11.2015. In any case, it is no longer res integra that delay would not defeat injunction where infringement is made out. [Ref.: Midas Hygiene Industries (P) Ltd. and Another v. Sudhir Bhatia and Others, (2004) 3 SCC 90 and Rolex SA (supra)]. Division Bench of this Court in Pankaj Goel v. Dabur India Ltd., 2008 SCC OnLine Del 1744, held that Plaintiff cannot be expected to pursue every small infringer of its mark until and unless the activities of the infringer start to affect its business.

40. Insofar as acquiescence is concerned, it was rightly argued on behalf of the Plaintiff that for establishing acquiescence, merely pleading knowledge of the use of the trademark is not enough. It must be proved that Plaintiff did some positive act to encourage use of the mark by the Defendant as held in M/s. Hindustan Pencils Private Limited v. M/s. India Stationary Products Co. & Another, 1989 SCC OnLine Del 34. As a matter of record, Plaintiff had immediately opposed both the applications of the Defendant for registration of the impugned marks and there is no acquiescence. Issue No.(iv) is decided in favour of the Plaintiff. ISSUES NO. (v) AND (vii) "(v) Whether the present court lacks territorial jurisdiction to entertain and try the present proceedings? OPD AND

(vii) Whether the plaintiff has suppressed the material facts from this Court? OPD"

41. The onus to prove these issues was on the Defendant. However, both the issues were not pressed by the counsel for the Defendant during the course of hearing.

ISSUE NO. (vi) "(vi) Whether the plaintiff is entitled to relief of permanent injunction and either reliefs as prayed for in the plaint? OPP"

42. In light of the evidence led by the Plaintiff and applying the settled legal principles, Plaintiff is held entitled to permanent injunction against the Defendant. The suit is decreed in favour of the Plaintiff and against the Defendant, in the following terms:

i. Defendant by himself and/or his partners, directors, employees, agents and others acting on his behalf are restrained from manufacturing, marketing, selling, offering for sales the machine tools including lathe machines or any type of goods and services bearing the mark CITIZEN or C-TIZEN or any other trademark deceptively similar thereto as part of trademark, trade name and domain name which may cause infringement of Plaintiff's registered trademark CITIZEN or result in passing off the goods of the Defendant as those of the Plaintiff;

ii. Defendant by himself and/or his partners, directors, employees, agents and others acting on his behalf are restrained from offering lathe machines or any type of goods and services bearing the mark CITIZEN or in any other manner whatsoever which causes dilution of Plaintiff's registered trademark CITIZEN and is detrimental to its repute and goodwill; and iii. In the present case, ex parte ad interim injunction was granted by the Court in favour of the Plaintiff vide order dated 22.12.2015 and the same was confirmed vide order dated 04.04.2018 and consequentially, Defendant has not been selling the impugned goods under the impugned marks, thereafter. Accordingly, nominal damages in the sum of Rs. 10 lakhs are awarded in favour of the Plaintiff.

iv. Plaintiff is held entitled to actual legal costs including Court fee in terms of Commercial Courts Act, 2015 and Delhi High Court (Original Side) Rules, 2018. Bill of costs has been filed by the Plaintiff in terms of Rule 5 in Chapter XXIII of the Delhi High Court (Original Side) Rules, 2018. List the matter before the Taxing Officer on 09.07.2024 for computation of costs.

43. Suit is disposed of accordingly.

44. Decree-sheet be drawn up by the Registry.

JYOTI SINGH, J MAY 16 , 2024/kks/Shivam/B.S. Rohella