

Ashok Leyland Limited vs Blue Hill Logistics Pvt. Ltd on 21 December, 2010

Author: V. Ramasubramanian

Bench: V. Ramasubramanian

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED :21-12-2010

CORAM:

THE HONOURABLE MR. JUSTICE V. RAMASUBRAMANIAN

O.A.Nos. 1240 and 1241 of 2010 and A.Nos. 6981 and 6982 of 2010
in C.S.No. 979 of 2010

Ashok Leyland Limited,
1, Sardar Patel Road,
Guindy,
Chennai-600 032
represented by its General Manager-Legal
and Constituted Attorney Mr.S.Venkataraman .. Plaintiff

vs.

1.Blue Hill Logistics Pvt. Ltd.,
171, 2nd Floor,
Nilgiri's Building,
Brigade Road,
Bengaluru-560 001.

2.Dilip Chhabria Design Private Limited,
Keytuo Industrial Compound,
Kondivita Road, MIDC,
Andheri (East),
Mumbai-400 059. .. Defendants

For Plaintiff : Mr.Arvind P.Datar,
Senior Counsel for Mr.A.A.Mohan.

For First Defendant : Mr.P.S.Raman,

COMMON ORDER

Pending suit for permanent injunction restraining the defendants from committing infringement of the plaintiff's registered trademark 'LUXURA' and from passing off and for various consequential reliefs, the plaintiff filed two applications for interim injunction in O.A.Nos.1240 and 1241 of 2010. The prayer in OA.No.1240 of 2010 was for the grant of an interim order of injunction restraining the defendants from committing infringement and the prayer in O.A. No.1241 of 2010 was for an interim injunction restraining the defendants from passing off.

2. On 2.12.2010, when the applications for injunction were moved for ad interim ex parte orders, the first respondent, who was on caveat, took notice through counsel and represented to this Court that the first respondent has already started operating the passenger bus service between Madras and Bangalore using the name "LUXURIA". Therefore, this court passed an interim order, the operative portion of which is found in paragraph 8 and it reads as follows :

"Therefore, I am restricting the order of injunction by restraining the respondents from operating any other buses any where in the country under the trade name 'LUXURIA' or 'LUXURA' until further orders, excepting operating their services from Madras to Bangalore and Bangalore to Madras. Excepting this route where only one bus is being operated, the defendants shall not operate any other luxury buses under the name 'LUXURA' or 'LUXURIA'. It is made clear that if the respondents/defendants are found using their buses under the mark 'LUXURA' or 'LUXURIA' in their routes, excepting the Madras-Bangalore route, the plaintiff shall seek police assistance to seize the said buses."

3. Thereafter, the first respondent has come up with two applications in A.Nos.6981 and 6982 of 2010 for vacating the interim orders of injunction granted in both the above applications. Therefore, all these applications were taken up for hearing and I have heard Mr.Arvind P.Datar, learned Senior Counsel for the plaintiff and Mr.P.S.Raman, learned Senior Counsel for the first defendant.

4. The case of the plaintiff is that it is engaged in the business of manufacture and sale of commercial vehicles for the past more than six decades, offering a world class range of buses, trucks, engines, defence and special application vehicles; that they have seven manufacturing plants and sophisticated modern state of the art research and development facilities; that the plaintiff's vehicles have gained a reputation; that in the course of its business, the plaintiff coined and adopted a trademark known as 'LUXURA' in relation to commercial vehicles in the year 2006; that they also obtained registration of the said mark under trademark No.1552326 dated 20.4.2007 in Class 12; that the plaintiff launched its LUXURA bus during the Auto Expo held in January 2006 at Delhi; that the plaintiff had sold these buses to many customers all over India including transport corporations; that the plaintiff had spent considerable expenditure towards sales and promotion of the LUXURA branded buses through print and electronic media; that in August 2010, the plaintiff

came across an article titled 'Premium Practicality' in a magazine to the effect that the second defendant had designed and engineered a business class bus under the trademark 'LUXURA/LUXURIA', which was ready for launch; that immediately, the plaintiff issued a legal notice dated 13.8.2010 to the second defendant calling upon them to cease and desist; that the second defendant issued a reply dated 21.8.2010 stating that they do not own the vehicle mentioned in the magazine, but only build bodies for the vehicles of their clients; that however, they refused to disclose the details of the owner for whom the vehicle was designed; that the plaintiff issued a further legal notice dated 1.9.2010, to which, the second defendant issued a reply dated 5.9.2010; that the plaintiff thereafter came to know through enquiries that a company, by name Blue Hill Foods and Retail Private Limited, Bangalore was proposing to operate bus services under the trademark 'LUXURIA'; that the plaintiff therefore issued a cease and desist notice dated 20.9.2010 to the said company; that the said company issued a reply dated 29.9.2010 stating that they are not concerned with the manufacturing of vehicles, but engaged in the business of running supermarkets; that in the meantime, a company, by name Blue Hill Logistics Private Limited served a caveat upon the plaintiff, which made it clear to the plaintiff that it was that company, which was proposing to market buses under the trademark 'LUXURIA'; that thereafter, the plaintiff issued a cease and desist notice dated 3.11.2010 to the said company; that despite receiving the notice, they proceeded with the launch of the bus services on 12.11.2010 under the trade name 'LUXURIA' and thereafter issued a reply dated 15.11.2010, refusing to comply with the demand made by the plaintiff; and that therefore, the plaintiff was constrained to file the above suit for infringement and passing off and for various consequential reliefs such as rendition of accounts, surrender and destruction of all offending materials and for compensatory and punitive damages to the tune of Rs.1 crore.

5. In the affidavits in support of the vacate injunction applications, the first defendant has contended that they are part of the family of Blue Hill Investment Private Limited; that their company has introduced high quality and luxurious intercity travel services; that the super luxury intercity bus services have been launched with an investment of more than Rs.30 crores; that with 12 VOLVO buses and necessary infrastructure, the services have been launched under the name and style of "LUXURIA"; that the first defendant had filed an application for registration of the trade mark "LUXURIA" under Class 39, relating to transport, packing and storage of goods, travel arrangements, etc and Class 35 relating to advertisement, business management, business administration and office functions; that since the plaintiff has registered its trade mark under Class 12 and they are not operating any travel services for the public, there was no likelihood of confusion in the minds of the consumers; that even assuming that there was some similarity in the services rendered, there was no similarity between the use of the trademarks; that the service mark adopted by the first defendant with the word "LUXURIA" is preceded by the image of a luxurious reclining seat; that both the words "LUXURA" and "LUXURIA" are derived from the generic word "LUXURY"; that the plaintiff cannot claim monopoly either over the word 'LUXURY' or over the variants of that word; that while the registered trade mark of the plaintiff pertains to goods, the trade mark adopted by the first defendant pertains to services; and that there is neither prima facie case nor balance of convenience in favour of the plaintiff.

6. The plaintiff has filed a set of 19 documents. The first document is a news item that appeared in the English daily "The Hindu" on 11.1.2006, announcing the plaintiff's launch of the bus under the

trade mark 'LUXURA'. The second document is the February 2006 issue of Ashok Leyland Employees' Journal titled "Ashley News", containing details about the launch of the vehicle with the trademark 'LUXURA', in the Eighth Auto Expo held in Delhi in January 2006. The catalogue/brochure of the plaintiff's bus is filed as Doc.No.3. An article which appeared in the newspaper "Business Standard" on 6.4.2007, about the plaintiff's bus 'LUXURA' is filed as Doc.No.4. The news item which appeared in "The Times of India" in its edition dated 9.3.2009, about Andhra Pradesh State Road Transport Corporation introducing the plaintiff's 'LUXURA' buses for their interstate services, is filed as Doc.No.6. These documents establish that the plaintiff launched its luxury bus with the trademark 'LUXURA', way back in the year 2006 and that the launch received wide publicity and that the vehicles have also reached the market place.

7. The certificate of registration issued in favour of the plaintiff by the Registrar of Trademarks, on 24.3.2009, for the word mark 'LUXURA' in respect of motor vehicles, chassis, motors for land vehicles, apparatus for locomotion by land including commercial vehicles, couplings and motor parts and fittings under Class 12, is filed as Doc.No.5. The mark has been assigned trademark No. 1552326 and the registration is with effect from 20.4.2007. Thus, it is clear that the plaintiff is the registered proprietor of the word mark 'LUXURA' in respect of goods falling under Class 12.

8. The relevant pages of the magazine by name "Commercial Vehicles", containing an article titled "Premium Practicality" is filed as Doc.No.7. This contains information about the vehicle designed by the second defendant, with the word "LUXURIA" appearing on a luxury bus along with the device of a reclining chair. Doc.No.8 is the cease and desist notice dated 13.8.2010 issued by the plaintiff to the second defendant. In their reply dated 21.8.2010 filed as Doc.No.9, the second defendant had simply stated that they did not own the vehicle in question, but only build bodies for their clients, the information about whom could not be divulged on account of confidentiality.

9. In the light of the stand taken by the second defendant in their reply (Doc.No.9), the plaintiff issued a rejoinder dated 1.9.2010, filed as Doc.No.10 calling upon the second defendant to issue a corrigendum to the article published in the magazine referred to in Doc.No.7, if they really had nothing to do with the trademark. But, the second defendant issued a reply dated 5.9.2010, filed as Doc.No.11, informing the plaintiff that they have a non disclosure agreement with their client and that therefore, they would not divulge any information. However, it was also stated in Doc.No.11 that the second defendant had forwarded the copies of the correspondence, to their client.

10. Thereafter, the plaintiff made enquiries and found out that a company by name Blue Hill Foods and Retail Private Limited, had applied for registration of a trade mark "LUXURIA". Therefore, the plaintiff issued a cease and desist notice to them on 20.9.2010, filed as Doc.No.12. That company gave a reply dated 29.9.2010 filed as Doc.No.13, stating that they are only in the business of running supermarkets and that they are in no way concerned with the manufacture of vehicles. They also categorically stated that they had not applied for the registration of a trademark "LUXURIA".

11. Therefore, the plaintiff again made enquiries and came to know about the attempt made by the first defendant to adopt the name 'LUXURIA'. Therefore, a cease and desist notice dated 3.11.2010 was issued to that company, namely Blue Hill Logistics Private Limited, which is the first defendant

herein. The copy of the said notice is filed as Doc.No.14. Thereafter, a news item appeared in the English daily "The Hindu Business Line" dated 13.11.2010, about the launch of an intercity bus service between Bangalore and Chennai under the name 'LUXURIA'. The copy of the news item is filed as Doc.No.15.

12. After proceeding with the launch, the first defendant issued a reply dated 15.11.2010 filed as Doc.No.16 raising all contentions that they have now raised in their applications for vacating the injunction. The fiscal and other details regarding the first defendant, taken out from the website of the Registrar of Companies is filed as Doc.No.17. It shows that the first defendant was incorporated only on 13.5.2010 with an authorised capital of Rs.5 crores and a paid up capital of Rs.1,00,100/-. The print out of the website of the first defendant containing the photographs of the interior as well as the exterior of the bus belonging to the first defendant, is filed as Doc.No.18. The copy of the trademark application filed by Blue Hill Foods and Retail Private Limited, for the registration of the word "LUXURIA" as a device mark along with a reclining chair, under Class 12, is filed as Doc.No.19.

13. The first defendant has filed a set of about 23 documents. The first document is the advertisement issued in Trade Mark Journal No.1402, dated 16.10.2008, in respect of the plaintiff's mark "LUXURA". The second document is a corrigendum issued in the magazine 'Commercial Vehicle', to the effect that the word "LUXURIA" was wrongly spelt as "LUXURA", in respect of the brand name of the bus designed by D.C.Designs (second defendant) for a client. The third and fourth documents are the trade mark applications filed by the first defendant on 3.8.2010 in respect of the mark "LUXURIA" with the device of a reclining chair appearing before the word mark. The first defendant has claimed the period of user of the mark only from July 2010. While one application is for registration under Class 35, the other is under Class 39.

14. Doc.Nos.5 to 10 relate to the advertisement and publicity campaign undertaken by the first defendant in Radio Indigo, Chennai Live FM, Bangalore Times and Bangalore Mirror. But, these are dated 3.11.2010, 9.11.2010, 15.11.2010 and 25.11.2010. The website information relating to the type of buses operated by APSRTC is filed as Doc.No.11.

15. The inaugural issue of a monthly magazine titled "LUXURIA" issued for November-December 2010 containing the photographs and features of the bus of the first defendant, is filed as additional document No.1. The pamphlet issued by the first defendant, indicating the different divisions of the Blue Hill group, containing the logo "LUXURIA" is filed as additional document No.2. The news items published in DNA(Bangalore Edition), Sanjeevini (Bangalore Edition Kannada version), Deccan Herald (Bangalore Edition), Economic Times (New Delhi Edition) and The Hindu Metroplus (New Delhi Edition) are filed as additional document Nos.3 to 8. But, these are dated 13.11.2010, 16.11.2010, 18.11.2010 and 23.11.2010.

16. Three more documents were filed by the first defendant to show that a Bath manufacturer has adopted the word "LUXURA" for his whirlpool bath and that a pharmaceutical company had also adopted the same word "LUXURA" for their insulin pen.

17. From the pleadings and the documents, it is clear that the plaintiff has already obtained registration of the word mark "LUXURA" in respect of the goods falling under Class 12. Therefore, the plaintiff has the exclusive right, by virtue of Section 28(1) of the Trade Marks Act, 1999 to the use of the trade mark in relation to those goods, subject however to any conditions and limitations, to which the registration is subject. Hence, as per the decision of the Supreme Court in Midas Hygiene Industries Pvt Ltd case {2004 (28) PTC 121}, the plaintiff is entitled to an interim injunction, under normal circumstances, subject however to the nature and validity of the defence put up by the defendants. Therefore, let me now have a look at the defence raised by the first defendant.

18. The defence raised by the first defendant are as follows :

- i. that the words "LUXURA" and "LUXURIA" are only derivatives of the generic word "LUXURY" and that no one can claim any exclusive right to the use of the same;
- ii. that while the plaintiff's word mark is registered in respect of goods under Class 12, the first defendant's use of the device mark is in respect of services falling under Classes 35 and 39; and iii. that while the plaintiff is the manufacturer of buses and motor vehicles, the first defendant is merely a provider of transport services to the public at large and hence, the target population for both of them are quite distinct and different, leaving no room for any confusion or likelihood of confusion.

19. Insofar as the first defence is concerned, it is no doubt true that the registered word mark of the plaintiff "LUXURA" as well as the word "LUXURIA" adopted by the first defendant, are only derivatives of the common English word "LUXURY". But, then the question is as to whether the word 'LUXURY' is generic or not.

20. McCarthy's Desk Encyclopedia of Intellectual Property defines a generic name as "a word used by a majority of the relevant public to name a class or category of product or service". McCarthy goes on to state that whether a term is a generic name is ultimately determined by majority public usage of the term and that the issue is whether the relevant public interprets and uses that term to name a whole class of goods or services or only to identify and distinguish one commercial source of those goods or services.

21. Therefore, a term can be identified as a generic name, only if the relevant public uses the same to identify a class or category of products or services. In other words, it is only when the term 'LUXURY' has come to be identified in public usage, with buses and/or transport services, that the said term can be said to have become a generic term in relation to the products, namely buses or in relation to services, namely transport.

22. It is common knowledge that more than buses and transport services, the term 'LUXURY' has come to be identified by the relevant public, with cruises, most of which are advertised as Luxury Liners. Some times, the word 'LUXURY' is also used in association with the word 'SEGMENT', in relation to cars. But, the term 'LUXURY' does not become a generic name, because of such usage.

23. In pharmaceutical industries, the usage of generic terms is common and is also unavoidable, due to the fact that every product is a derivative or species of a generic term. All companies manufacturing a penicillin drug, may out of necessity, name the drugs as variants or derivatives of the generic name penicillin. Therefore, it is only those names, which have come to be identified with a class or category of goods or services, by the public at large, that can be called as generic.

24. There are several terms by which different types of passenger buses are identified by the public. "Deluxe", "Super Deluxe", "A/C Coach" and "Video Coach" are some of the terms by which the relevant public understands transport services. But, even these terms are merely descriptive of the nature of the services rendered. These terms by themselves could not be taken to be generic terms. Therefore, the contention that the words 'LUXURA' and 'LUXURIA' are derivatives of the generic word 'LUXURY', cannot be accepted.

25. At the most, the term 'LUXURY' or its variants could only be said to be descriptive of the nature of the services rendered by a transport operator or the manufacturer of buses. A descriptive mark is defined by McCarthy, on the following lines, based upon the decision of the 7th Circuit in G.Helleman Brewing Co. Vs. Anheuser-Busch Inc.(873 F.2d.985) :

"A word, picture, or other symbol that directly describes something about the goods or services in connection with which it is used as a mark. Such a term may be descriptive of a desirable characteristic of the goods; the intended purpose, function, or use of the goods, the size or color of the goods; the class of users of the goods; or the end effect upon the user. The issue of descriptiveness is usually tested from the view point of the hypothetical customer who has that basic amount of knowledge about the product which is conveyed by advertising and promotion currently available in the marketplace."

26. Words that are self laudatory of the goods or services, such as BEST, SUPERIOR, HIGH, etc are placed in the descriptive category. Therefore, the word 'LUXURY' would also fall only under such a category, since it happens to be self laudatory of the quality of the goods manufactured by the plaintiff or the quality of the services rendered by the first defendant.

27. Though the words 'LUXURA' and 'LUXURIA' are only variants of the descriptive term "luxury" and as a consequence, the protection available to such marks are not very strong, I do not think that the first defendant can really take advantage of the same. This is due to the fact that the first defendant themselves have applied for registration of the trade mark 'LUXURIA' under Classes 35 and 39, despite the fact that there is a prohibition under Section 9(1)(b) of the Act, for the registration of marks which serve to designate the kind, quality, intended purpose or value of those goods or services. A similar view was taken by the Delhi High Court in respect of a generic word "dimmer" in Automotive Electric Limited Vs. R.K.Dhawan {1999 PTC (19) 81 (Delhi)} wherein it was held that a person claiming exclusive right over an expression cannot challenge the same expression as generic.

28. In Indian Hotels Company Limited Vs Jiva Institute of Vedic Science and Culture {2008 (37) PTC 468 (Delhi)}, the Division Bench of the Delhi High Court rejected the argument that the word 'Jiva' is a descriptive word not entitled to protection, on the simple ground that when the appellant itself had applied for registration of the same name, they would not be permitted to take such a stand.

29. More over, the objection relating to the right to exclusive use of a registered trade mark, stands on a different footing than the objection relating to the very entitlement to the registration of a mark. While the former is an objection raised after registration, the latter is one raised before registration. A person who obtains registration of a mark, albeit its non registerability, acquires statutory rights under Section 28, which are made subject only to

(i) the restrictions and limitations imposed at the time of registration and

(ii) the restrictions and conditions imposed by the other provisions of the Act.

30. This is why it was held by me in Health and Glow Retailing Private Limited Vs. Dhiren Krishna Paul {2007 (35) PTC 474 (Mad)} that such objections could have been raised only at the pre-registration stage and that after registration, a person is entitled to raise such an objection only by taking recourse to the remedies available under the Act and not by committing infringement. It was pointed out in the said judgment that a different interpretation would place the proprietor of a registered trade mark in no better position than the proprietor of an unregistered mark. The said view was quoted with approval by the Delhi High Court in Ashland Licensing and Intellectual Property LLC Vs. Savita Chemicals Ltd. {2010 (44) PTC 220 (Del)}. Therefore, the first defence taken by the first defendant cannot be sustained.

31. The second defence taken by the first defendant is that while the registration of the plaintiff's trade mark is in respect of goods falling under Class 12, the adoption of the first defendant's mark is in respect of services falling under Classes 35 and 39. Therefore, it is the contention of the first defendant that no infringement takes place within the meaning of Section 29, by the adoption of the word "LUXURIA" in relation to transport services.

32. The above defence stems out of the emphasis laid in Sections 28(1) and 29(1) on the phrase "in relation to goods or services in respect of which the trade mark is registered". But, then Section 29(4) provides an extended meaning to what constitutes infringement. As per Section 29(4), infringement arises even by the use of the trade mark in relation to dissimilar goods or services, if three conditions are satisfied, namely i. that the mark is identical with or similar to a registered mark {Section 29(4)(a)};

ii. that the registered mark has a reputation in India {section 29(4)(c)}; and iii. that the use of the mark without due cause, takes unfair advantage of or is detrimental to the distinctive character or repute of the registered mark {Section 29(4)(c)}.

33. The protection extended by Section 29(4) even to dissimilar goods and services, is actually based upon 'the doctrine of dilution'. Dilution is a type of violation of a trade mark, in which the defendant's use, while not causing a likelihood of confusion, blurs distinctiveness or tarnishes the image of the plaintiff's mark. In Daimler Benz Aktigesellschaft Vs Hybo Hindustan (AIR 1994 Delhi 239), it was held that the rights conferred upon owner of the registered mark cannot be diluted by other persons adopting the same mark, and trying to escape through the gateway that they have adopted the mark for dissimilar products and services. The same principles were followed in Honda Motors Co.Ltd. Vs. Charanjit Singh {2003 (26) PTC 1 (Delhi)}. In Ford Motor Company of Canada Limited Vs Ford Service Centre {2009 (39) PTC 149}, the plaintiff's registered trade mark was in relation to motor vehicles. The defendant used the same mark for its fuel filling station. A defence taken by the defendant in that case, similar to the one taken in this case, was rejected by the Delhi High Court. In Tata Sons Limited Vs. A.K.Choudhry {2009 (40) PTC 54}, the Delhi High Court prohibited the defendants from using the trade mark 'Tata' in relation to cutlery by invoking Section 29(4).

34. There cannot be any dispute in this case about the fulfillment of the conditions contained in clauses (a) and (b) of sub-section (4) of Section 29. The plaintiff's registered trade mark is "LUXURA". The mark adopted by the first defendant is the word "LUXURIA" along with the device of a reclining chair. Therefore, certainly, the mark adopted by the first defendant is similar to the registered trade mark of the plaintiff. Hence, clause (a) of sub-section (4) of Section 29 stands satisfied.

35. Even admittedly, the plaintiff is using its registered trade mark on buses, which fall under Class 12. The first defendant is using a similar mark in respect of transport services. Therefore, clause (b) of sub-section (4) of Section 29 also stands satisfied.

36. Consequently, what remains to be seen is whether the plaintiff's trade mark has a reputation in India and whether the use of the similar mark by the first respondent without due cause takes unfair advantage of or detrimental to the reputation of the registered trade mark. If these two ingredients are satisfied, then clause (c) of sub-section (4) of Section 29 would also stand satisfied.

37. It is the contention of the first defendant that the plaintiff has not produced any piece of evidence to show that the registered trade mark of the plaintiff has acquired a reputation in India. According to the first defendant, the mere launching of the product in the Auto Expo at Delhi and the sale of a few buses to Andhra Pradesh State Transport Corporation are not sufficient to conclude that the plaintiff has acquired reputation, as contemplated by Section 29(4)(c).

38. In order to test the correctness of the said contention, we have to see what is meant by the expression "the registered trade mark has a reputation in India", used in Section 29(4)(c). Before analysing the meaning of the said expression appearing in Section 29(4)(c), we have to take note of two important features viz.,

(i) The expression used is in relation to the reputation of the mark and not the reputation of the manufacturer." and

(ii) The expression used is in relation to the reputation of the mark and not in relation to the reputation of the well known mark.

REPUTATION OF THE MARK VIS-A-VIS THE MANUFACTURER:

39. There appears to be a distinction in law, between "the reputation of a mark" vis-a-vis "the reputation of the manufacturer". In *Corn Products Refining Co. vs. Shangrila Food Products Ltd* {AIR 1960 SC 142}, a dispute arose regarding the application for registration of the mark "Gluvida" in respect of goods specified in Class 30. The opposition to the registration of the mark, was rejected by the Deputy Registrar and the objector filed an appeal to the High Court. Desai, J., allowed the appeal and set aside the order of the Deputy Registrar on the ground that the mark could not be registered in view of Section 8(a) of the old Act (The Trade Marks Act of 1940). The Division Bench reversed the judgment of the single Judge and restored the order of the Deputy Registrar. On appeal to the Supreme Court, a three member Bench pointed out the distinction between the reputation of the mark and the reputation of its maker, in paragraph-11 of their judgment as follows:-

"11. In connection with the question of reputation, the learned Appellate Judges seem to have fallen into another curious error. They said "A commodity may acquire reputation by its being made by a particular manufacturer and the consumers may require not a particular commodity but the commodity made by a particular manufacturer. It is only in the latter case that it could be said that the commodity manufactured by a particular manufacturer has acquired a reputation among the public. On those affidavits there is not even a suggestion that the public wanted the "Glucovita" powder mixed with vitamins manufactured by the respondent and not by anybody else." The respondent referred to by the learned Judges is the appellant before us. We are unable to agree with the view expressed by them. It seems clear to us that what is necessary is that the reputation should attach to the trade mark; it should appear that the public associated that trade mark with certain goods. The reputation with which we are concerned in the present case is the reputation of the trade mark and not that of the maker of the goods bearing that trade mark. A trade mark may acquire a reputation in connection with the goods in respect of which it is used though a buyer may not know who the manufacturer of the goods is."

40. Once it is clear that the focus of Section 29(4)(c) is on the reputation of the mark and not on the reputation of its maker, we may have to see how to assess and determine the reputation of a mark. The reputation of a trademark has to be assessed on the basis of several factors, such as the publicity that preceded and succeeded the launch of the product carrying the mark, the volume of turnover and the impact that the mark has created in the minds of the public, enabling them to associate the mark with the product. The reputation of the mark need not always be reflected by the volume of turnover alone. While dealing with the concept of "goodwill", which is only an expression that belongs to the same genre as the expression "reputation," a learned Judge of the Delhi High Court, extracted in his decision in *M/s. Thermofriz Insulations Vs. Vijay Udyog* [1981 PTC 128], a passage from an unreported judgment of the Supreme Court which reads as under:

"17.The Supreme Court in Civil Appeal No.1201/66 in an unreported judgment Khushal Khengar Shah and Others v. Mrs.Khorshedbanu Dadiba Boatwalla and another dated February, 12, 1970 has laid down:

"The goodwill of a business is however an intangible asset being the whole advantage of the reputation and connections formed with the customers together with the circumstances which make the connection durable. It is that component of the total value of the undertaking which is attributable to the ability of the concern to earn profits over a course of years because of its reputation, location and other features".

41. The Apex Court had an occasion to consider what constituted goodwill in S.C.Cambatta & Co Private Ltd., VS. CEPT (AIR 1961 SC 1010). Referring to English and Australian decisions, the Supreme Court held in paragraphs 7 to 9 of the said judgment as follows:

"7. ...The matter has been considered in two cases by the House of Lords. The first case is Trego v. Hunt where all the definitions previously given were considered, and Lord Macnaghten observed that goodwill is "the whole advantage, whatever it may be of the reputation and connection of the firm, which may have been built up by years of honest work or gained by lavish expenditure of money". In a subsequent case reported in Inland Revenue Commissioners v. Muller & Co.'s Margarin, Ltd. Lord Macnaghten at pp.223 and 224 made the following observations:

"What is goodwill? It is a thing very easy to describe, very difficult to define. It is the benefit and advantage of the good-name, reputation, and connection of a business. It is the attractive force which brings in custom. It is the one thing which distinguishes an old-established business from a new business at its first start.... If there is one attribute common to all cases of goodwill it is the attribute of locality. For goodwill has no independent existence. It cannot subsist by itself. It must be attached to a business. Destroy the business, and the goodwill perishes with it, though elements remain which may perhaps be gathered up and be revived again."

8.These two cases and others were considered in two Australian cases. The first is Daniell v. Federal Commissioner of Taxation where Knox, C.J. Observed:

"My opinion is that while it cannot be said to be absolutely and necessarily inseparable from the premises or to have no separate value, prima facie at any rate it may be treated as attached to the premises and whatever its value may be, should be treated as an enhancement of the value of the premises".

In the second case reported in Federal Commissioner of Taxation v. Williamson Rich, J. observed at p.564 as follows:

"Hence to determine the nature of the goodwill in any given case, it is necessary to consider the type of business and the type of customer which such a business is

inherently likely to attract as well as the surrounding circumstances The goodwill of a business is a composite thing referable in part to its locality, in part to the way in which it is conducted and the personality of those who conduct it, and in part to the likelihood of competition, many customers being no doubt actuated by mixed motives in conferring their custom."

In Earl Jowitt's Dictionary of English Law, 1959 Edn., "goodwill" is defined thus:

"The goodwill of a business is the benefit which arises from its having been carried on for some time in a particular house, or by a particular person or firm, or from the use of a particular trade mark or trade name."

9. It will thus be seen that the goodwill of a business depends upon a variety of circumstances or a combination of them. The location, the service, the standing of the business, the honesty of those who run it, and the lack of competition and many other factors go individually or together to make up the goodwill, though locality always plays a considerable part. Shift the locality, and the goodwill may be lost. At the same time, locality is not everything. The power to attract customers depends on one or more of the other factors as well. In the case of a theatre or restaurant, what is catered, how the service is run and what the competition is, contribute also to the goodwill."

42. Therefore, it is clear from the above decisions that goodwill and reputation cannot be held to be directly proportionate to the turnover or the net profits earned in business. Turnover is only an indication of success and success need not necessarily be an indication of goodwill and reputation. Turnover may be one of several factors that may indicate the existence of goodwill and reputation, but cannot be taken to be the only determinative factor. The fact that the plaintiff has a reputation in India cannot be disputed. The fact that the bus under the brand name 'LUXURA' was launched in 2006 in an Auto Expo held in Delhi and the fact that the leading newspapers carried reports about the product of the plaintiff carrying the registered trade mark, cannot also be disputed. It is also established that one of the State Road Transport Corporations, namely APSRTC has also bought buses carrying the registered trade mark from the plaintiff. Therefore, prima facie it appears that the registered trade mark of the plaintiff has a reputation in India.

43. As pointed out earlier, there are two distinct features in Section 29(4)(c). One is with regard to the reputation of the mark in contra distinction to the reputation of its maker. The other is that Section 29(4)(c) deals only with the reputation of the mark and not the reputation of "well known trade mark". The Act defines a well known trade mark under Section 2(1)(zg). The lawmakers have been careful enough not to incorporate the expression "well known trade mark" in Section 29(4)(c), though they chose to use the expression "reputation". In other words, Section 29(4)(c) does not expect the registered trade mark of the plaintiff to have become a 'well known trade mark' within the meaning of Section 2(1)(zg). Section 29(4)(c) requires the registered trade mark only to have acquired a reputation in India. This condition has been prima facie satisfied by the plaintiff.

44. Therefore, the only question that remains to be considered is as to whether the second ingredient of clause (c) of sub-section (4) of Section 29 stands satisfied or not? In other words, I

may have to see whether the first defendant's use of the word 'LUXURIA' tends to take undue advantage or is detrimental to the reputation of the registered trade mark.

45. It is seen from the pleadings that the plaintiff manufactures luxury buses and applies the registered trade mark 'LUXURA' on them. The first defendant buys buses from VOLVO (a competitor of the plaintiff) and seeks to apply the mark 'LUXURIA' as a service mark on those buses, to indicate to the travellers that it is a luxury bus. Once this is permitted, the ordinary traveller out in the street looking for a bus, would not be able to distinguish the bus run by APSRTC under the registered trade mark 'LUXURA' of the plaintiff and the bus service run by the first defendant with the service mark 'LUXURIA'. Therefore, the use of the similar mark, namely 'LUXURIA' by the first defendant would certainly tend to take undue advantage of and is also detrimental to the reputation of the registered trade mark of the plaintiff. Hence, both the conditions laid in clause (c) of sub-section (4) of Section 29 would also stand satisfied. In such circumstances, the second defence taken by the first defendant that there is no infringement on account of the plaintiff applying the mark to goods and the first defendant applying the mark to services cannot hold water.

46. The third defence of the first defendant is that the target population of the plaintiff is distinct and different from the target population of the first defendant and that therefore, there is no likelihood of confusion. But, the said defence cannot be countenanced. It is true that the plaintiff is a manufacturer of buses and the consumers targeted by the plaintiff are actually transport operators either in the public sector such as State Road Transport Corporations or in the private sector such as the first defendant themselves. It is also true that the consumers targeted by the first defendant are ordinary travellers out in the street looking for a combination of luxury and economy. But, ultimately the end user of the goods of the plaintiff and the end user of the services of the first defendant are one and the same. While what is supplied by the plaintiff to its customers are goods, namely buses, what is provided by those customers to the end users are only services similar to those offered by the first defendant themselves. In other words, the goods supplied by the plaintiff to its customers are converted into services by their customers to the very same target population. It is this distinction which makes the plaintiff's case much stronger than what they themselves could articulate in so many words.

47. The above logic can be appreciated much easily by looking at the whole issue from a different angle. The buses supplied by the plaintiff to its customers such as APSRTC would carry both the logo of Ashok Leyland with the letter 'L' appearing in a circle along with the registered trade mark 'LUXURA'. On the buses supplied by VOLVO to the first defendant, if the first defendant applies the service mark now adopted by them with the word 'LUXURIA' along with the device of a reclining chair, what would happen is that two similar marks will be carried in the buses manufactured by the plaintiff as well as by their competitors, leading to confusion in the minds of the common man. Moreover, once the first defendant is permitted to use the mark "LUXURIA" on the buses purchased by them from the competitors of the plaintiff, the competitors of the plaintiff could not also be prevented from using the said mark later on. Once dilution is permitted by allowing the first defendant to use a deceptively similar mark on the very same goods, purchased by them from the competitors of the plaintiff, the competitors of the plaintiff themselves would acquire a right to

infringe the rights of the plaintiff. Therefore, the third defence taken by the first defendant is also rejected.

48. Coming to the question whether the plaintiff has established a prima facie case, it is seen that the plaintiff is the registered proprietor of the trade mark. The plaintiff has proved that they launched the product carrying the trade mark in 2006 itself and that there was wide publicity in newspapers and in Auto Expo held in Delhi. They have also shown that the Andhra Pradesh Public Transport Corporation has purchased a fleet of buses from the plaintiff carrying the registered trade mark. The mark sought to be used by the first defendant is similar to the registered trade mark of the plaintiff. For the end users of the goods viz., buses, the distinction that the plaintiff has registered its trade mark in respect of goods and the first defendant has applied the mark in respect of services, is of little or no significance. Therefore, I hold that the plaintiff has established a prima facie case.

49. The balance of convenience is also in favour of the plaintiff. The defendants are also guilty of dubious conduct for 3 reasons. They are:-

(i) After having published in the article titled "Premium Practicality" in the magazine "Commercial Vehicle" about the adoption of the same/similar mark, the second defendant had to issue a corrigendum.

(ii) After one of their group companies had applied for the registration of the trade mark "LUXURIA" with a device, they took a stand in response to a cease and desist notice that they are only engaged in running supermarkets and they had nothing to do with buses and transport services.

(iii) After the plaintiff found out the name of the first defendant, as attempting to operate transport services by adopting the trade mark "LUXURIA" and after the plaintiff issued the cease and desist notice to the first defendant, the first defendant launched their services and thereafter issued a reply to the notice.

(iv) The information obtained from the website of the Registrar of Companies shows that the first defendant was formed only in May 2010. Therefore, prohibiting them from infringing the registered trade mark of the plaintiff would not cause serious prejudice to them. On the contrary, allowing the first defendant to continue to infringe, would result in irreparable loss and injury to the plaintiff and would also embolden the commission of infringement by others. Therefore, the balance of convenience is also in favour of the plaintiff and the denial of an order of injunction would cause irreparable loss and injury to the plaintiff.

50. In view of the above, both the applications for injunction are allowed and the applications for vacating the injunction are dismissed. There will be no order as to costs.

21-12-2010

Index : Yes.

Internet : Yes.

Svn

V. RAMASUBRAMANIAN, J.

Svn

Common Order

in O.A.Nos. 1240 and 1241 of 2010
and A.Nos. 6981 and 6982 of 2010

21-12-2010