

# Itc Limited vs Philip Morris Products Sa And Ors. on 7 January, 2010

**Author: S.Ravindra Bhat**

**Bench: S. Ravindra Bhat**

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IN THE HIGH COURT OF DELHI AT NEW DELHI

IA Nos.12940/09, 12941/09 & 12942/2009  
in CS (OS) 1894/2009

Reserved on : 15.10.2009  
Pronounced on: 07.01.2010

ITC LIMITED

.....Plaintiff

Through: Mr. Rajeev Nayyar, Senior Advocate with Ms. Pratibha  
M. Singh, Advocate.

Versus

PHILIP MORRIS PRODUCTS SA AND ORS.

.....Defendants

Through: Mr. C.A.S. Sundaram, Sr. Advocate with Ms. Rohini Musa,  
Mr. Trideep Pais and Mr. Ashwath Sitaraman, Advocates, for Defendant  
No.1.  
Mr. Sanjay Jain, Sr. Advocate with Mr. Nikhil Nayyar and Mr. T.V.S.R.  
Sreyas, Advocates, for Defendant No.2.  
Ms. Anuradha Salhotra, Mr. Rahul Chaudhry, Mr. Sumit Wadhwa and Ms.  
Reetika Walia, Advocates, for Defendant No.3.

CORAM:

HON'BLE MR. JUSTICE S. RAVINDRA BHAT

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|----|--|-----|
| 1. | Whether the Reporters of local papers<br>may be allowed to see the judgment? | Yes |
| 2. | To be referred to Reporter or not?   | Yes |
| 3. | Whether the judgment should be<br>reported in the Digest?                    | Yes |

HON'BLE MR. JUSTICE S.RAVINDRA BHAT

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I.A. Nos. 12940/2009 (Under Order 39 Rule 1 & 2), 12941/2009 (Under Section 151

CPC) & 12942/2009 (Under Section 149)

1. This order will dispose of the said application under Order 39 Rules 1 and 2 (I.A. No. 12940/2009.

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2. The plaintiff (hereafter referred to as "ITC") contends being one of India's large private sector companies with an annual turn-over of Rs.23,144 crores. It mentions being rated amongst "World's Best Big Companies", "Asia's „FAB-50 " concerns and being listed in the Forbes magazine as one of the "World's Most Reputable Companies". It claims also being rated amongst India's most respected companies by the Business World and also amongst India's most valuable companies by Business Today. The suit refers to various publications, containing laudatory descriptions of the plaintiff. The plaintiff claims having diverse business in products and services such as hotels, paperboards, speciality papers, packaging, agro-business, Fast Moving Consumer Goods (FMCG), including cigarettes; foods, confectionary, Information Technology, branded-apparel, personal care, stationery etc. It also contends being one of the country's largest foreign exchange earners. Para 11 of the suit lists several achievements to the plaintiff's credit including the "World Business Award", instituted jointly inter alia by UNDP; its restaurant Bukhara at ITC Maurya in New Delhi having been declared as the "Best Indian Restaurant in the world" by 'The Restaurant Magazine', UK; ITC Sonar in Kolkata being described as one of the best hotels in the world by the Association of British Travel Agents (ABTA); its Kaya Kalp - The Royal Spa at its hotel, ITC Mughal Agra as "World's Best City Spa"; a Golden Peacock Award bagged by it for "Corporate Social Responsibility (Asia)" in 2007 and also it being the only FMCG to have featured in the Forbes 2000 list.

3. ITC launched its hotel business in 1975; it claims to be using the "WELCOMGROUP" logo since 1975. The suit describes 14 hotels under the ITC "WELCOMGROUP" banner in various locales and cities in India, including ITC Maurya in New Delhi; ITC Windsor in Bengaluru; ITC Maratha at Mumbai; ITC Sonar at Calcutta; ITC Grand at Mumbai and ITC Mughal at Agra. ITC claims that its "WELCOMGROUP" mark/logo has been in continuous and extensive use on its products and packaging of its famous "Kitchens of India" range of ready-to-eat food products.

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4. ITC mentions about the long, continuous and extensive use of the "WELCOMGROUP" logo which was adopted and used since 1975, i.e. 34 years ago. That logo along with its derivatives is asserted as an essential feature of several registered trademarks of ITC; the details of such registrations are mentioned in para 13 of the suit they include classes-8, 30, 34 and 42, in relation to various products and services. ITC also mentions that it owns trademark registrations in several classes in as many as 14 other countries. ITC has provided, in support of the averments, copies of trademark registrations in India as well as abroad. In para 16 of the suit, ITC contends that the "WELCOMGROUP" mark/logo with its derivative is written in a descriptive manner and is an original creation, for which artistic work it owns copyright; the description of

copyright registrations obtained in relation to the logos used by different hotels have set-out in the suit.

5. ITC states that the third defendant is a company existing under Indian laws, doing business in tobacco, FMCG, cosmetics, retail business etc. It states that from recent media reports, it became aware that the second defendant (hereafter referred to as "Philip Morris") is a member of the "Philip Morris Group of Companies". The first defendant, Philip Morris Products SA, owns the trademark "Marlboro"; the defendants are hereafter collectively referred to as "Philip Morris". Philip Morris has introduced its cigarettes in India by the name "Marlboro". The third defendant is licensed to use the said registered mark "Marlboro" to market cigarettes by the second defendant. ITC alleges that Philip Morris launched cigarette products under the "Marlboro" brand only a few years back. Initially, they used to import goods into India; however, recently they have started manufacturing the "Marlboro" cigarettes in India also.

6. ITC alleges that since their launch in India, the defendants have used only its traditional "Marlboro" logo; those logos have been reproduced in para 23 of the suit. The plaintiff is aggrieved by the defendants launching their packaging for "Marlboro" cigarettes where it is alleged Philip Morris uses a mark or logo that is identical or similar to ITC's NAMASTE "WELCOMGROUP" mark/logo. It is alleged that the normal

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mark/logo used by Philip Morris in its cigarette packaging has been discontinued and instead an entirely differently styled logo and mark, which is closely similar to and identical with the plaintiff's "WELCOMGROUP" logo has been used. The plaintiff alleges that the use of the impugned logo (which is a styled "M" tilted towards the right as if it is in flames, in yellow color on dark packaging) (hereafter referred to as "the flaming logo") would injure by association with the plaintiff's distinctive trademark and copyright in the artistic work vis-à-vis the "WELCOMGROUP" logo (hereafter called "the W-NAMASTE logo").

7. The plaintiff urges that the W-NAMASTE logo is a permanent and essential feature of all its products and services. One of its main businesses is tobacco and cigarettes and the use of an identical or similar mark connects or links the Marlboro's flaming logo with ITC's products as to constitute both infringement and passing-off. It is asserted that the unimpeded use of Marlboro's flaming logo results in blurring and dilution of the distinctive character of the plaintiff's W-NAMASTE mark which has been in use for the last 34 years continuously. It is also contended that the flaming logo of Philip Morris for its "Marlboro" cigarettes are contrary to honest practices, and a deliberate departure from the use of its traditional "Marlboro" logo which amounts to the defendants taking unfair advantage, without cause of the plaintiff's W-NAMASTE "WELCOMGROUP" mark and logo.

8. Besides relying upon the trademark and copyright registration certificates as well as the copies of international trademark registrations in respect of the W-NAMASTE "WELCOMGROUP" logo, ITC relies upon the original menu cards used by its hotels during the period 1977-1981; booklets of 1994 and 2002 used by its hotels, tariff cards, original promotional, stationary materials and photographs in respect of its hotels of its print-out of its website, [www.kitchensofindia.com](http://www.kitchensofindia.com), advertisement invoices from various agencies along with copies of advertisements to support its claim of extensive use of the

mark in relation to hotels and by its "Kitchens of India" brand of products. ITC has produced pictures and photographs of the defendants impugned flaming logo. For the

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purpose of comparing two marks, the ITC has produced what is termed as Marlboro s traditional Indian packaging as well as the packaging containing the impugned flaming logo.

9. Referring from the pleadings and the documents produced from the record, Mr. Rajiv Nayyar, learned senior counsel for the plaintiff submitted that Philip Morris s attempt amounts to infringement within the meaning of the expression under Section 29(4) of the Trademark Act, 1999 (hereafter called "the Act"). It is also contended that the ITCs "WELCOMGROUP" W-NAMASTE mark has become a famous mark within the meaning of the term under the Act so as to enable it (ITC) to seek injunction for its protection against attempt by anyone to associate that trademark with its goods or services - whether those goods or services concern the "WELCOMGROUP" hotel services or not. It is emphasized that all the elements prescribed under Section 29(4), the marks being identical or similar; the plaintiff s mark having a distinctive character and reputation in India and the likelihood of injurious association, with respect to dissimilar services are present. Initially, the plaintiff had urged that the impugned mark infringes its mark in terms of Section 29 (1) and (2) of the Act, but later confined the submissions to a complaint that the infringement by the defendants is in terms of Section 29(1).

10. ITC relies upon the decisions in Ramdev Food Products Pvt. Ltd. v. Arvindbhai Rambhai Patel & Ors 2006(33) PTC 281 in support of the arguments that even though Philip Morris may not be using the plaintiff s W-NAMASTE trademark, its get-up is so like ITCs as to amount to passing-off and infringement. Learned counsel contended that the plaintiff prima facie has also established that Philip Morris is improperly using or seeking to appropriate the "WELCOMGROUP" W-NAMASTE logo so as to entitle it (ITC) to an ad interim injunction. It is further argued that the sudden change from the traditional Marlboro logo to the flaming logo is a deliberate and calculated move to appropriate the plaintiff s reputation in respect of the Namaste logo and trademark.

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11. Learned counsel relied upon the decision reported as Taw Manufacturing Coy. Ltd. v. Notek Engineering Co. Ltd. 68 RPC 271, to say that what the plaintiff has to establish is not actual infringement but the likelihood of confusion based on the substantial similarity or identity of the marks. The test, it is emphasized is not of an exacting, but that of an unwary customer with imperfect recollection. Learned counsel also relied upon McCarthy on Trademarks and Unfair Competition, Volume-3. ITC relies upon the judgment reported as P.C. Mallappa v. Mcdonalds Corporation 1999 PTC 9 that the test accepted by the Courts in India is similar while considering whether the impugned mark infringes the plaintiff s mark or is confusingly similar to it.

12. Learned counsel next relied upon Daimler Benz Aktiegesellschaft & Anr. v. Hybo Hindustan 1994 PTC 287; Aktiebolaget Volvo & Ors. v. A.K. Bhuvra & Ors. 2006 (32) PTC 682 and William Grant & Sons Limited v. McDowell & Co. Ltd. 55(1994) DLT 80 to submit that the concept of trademark dilution through injurious association, in relation to dissimilar goods or services is well-entrenched in India, in respect of distinctive and well-known trademarks. Learned counsel elaborated on this and submitted that the question of dilution has to be seen from the perspective of the trademark owner, who painstakingly establishes its (or his) business and acquires hard-earned distinction. Even though the trademark or name may relate to specified goods or services or a few of them, its indiscriminate use by others, in respect of unrelated goods, would blur the identity of the mark, diminish it and ultimately extinguish its distinctiveness. Learned counsel submitted that Section 29(4) of the Act achieves the objective of protecting such distinctive marks. If the plaintiff is able to prima facie establish that the two marks are either identical or very similar, that the impugned mark concerns unrelated goods or services becomes immaterial by virtue of Section 29(4)(a). The defendants have to, in those circumstances, show a reasonable explanation for its use or appropriation of the impugned mark, failing which the normal standard of injunction spelt-out by the Supreme Court in Midas Hygiene Industries (P) Ltd. v. Sudhir Bhatia 2004 (28) PTC 121 has to be applied and injunction should follow, as a matter of course.

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#### The Defendant's stand

13. Philip Morris says that ITC's Welcomgroup "Namaste" logo is used in relation to services such as food preparations, articles, hotels, restaurants and services. However, there is no averment or evidence that this logo has been used in respect of cigarettes. The list of 18 registrations held by the plaintiff in relation to the alleged "WELCOMGROUP" logo and its formative variants, says Philip Morris, the following aspects emerge very conspicuously. It is argued that:

(i) The logo in itself, i.e., the artistic work alone is not independently registered. The logo in question features only one of the various elements of a larger composite mark which includes descriptive features of the goods or service in question or the expressions indicative of advertisement by lines such as „we enjoy people“.

(ii) ITC's 14 out of 18 registrations are for services classification, where the logo registered shows an insignificant part of the overall service marks where the most prominent feature is the hotel name and depiction of the ITC house mark.

(iii) The house mark of the plaintiff is the logo encompassing the letters "ITC" in the shape of a triangle; it is not the logo WELCOMGROUP W-NAMASTE in question.

(iv) Though, in relation to tobacco products falling in class 34, ITC has a registration, (disclosed at page 21 A) that mark has never been used by it for selling its tobacco products.

14. Philip Morris emphasizes that ITC has never used the logo for its cigarettes,

illustrating that:

(a) ITC sells its cigarettes under the trademarks "India Kings", "Wills (in conjunction with various suffixes)", "Classic" (in conjunction with

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various suffixes), "Gold Flake" (in conjunction with various suffixes), "Capstan", "Silk Cut", "Berkeley" and "Scissors".

(b) Except for "India Kings" where the house mark "ITC" is used, for all other cigarettes, ITC uses various logos the prominent of which are "WILLS" logo and the device of a flower-shaped star.

(c) As ITC S major brands for selling its cigarettes in India are inherited from "WILLS", the expression –from the house of WD and HO wills is used, on the packaging of such cigarettes sold under the "WILL formative marks, classic formative marks, including sub-marks such as "GOLD FLAKE" and "NAVY CUT".

From the above, Philip Morris says, the "WELCOMGROUP" logo which is a device depicting folded-hands, is primarily used by ITC, in relation to its hospitality service even that with relatively insignificant ingredients of larger conjunctive/composite mark it has not been used in relation to cigarettes. Philip Morris also points out that ITC consciously omitted to obtain any independent registration in relation to the Namaste logo in India while it opted to do so in Australia and Iran - even there registration is confined to the service mark and holds good only in relation to restaurant services (Cla 42 services).

15. The defendants say that ITC is estopped from alleging trademark infringement by reason of Section 17 of the Act. In this regard, it is submitted that the logo in question is one of the several matters forming part of the overall trademarks, in respect of which registrations are allegedly obtained by ITC. Assuming but not admitting about subsistence of the said registrations or that they are entitled to remain on the register Philip Morris says that the registration of the logo does not confer any exclusive right in favour ITC, since the logo as a stand-alone ingredient of the overall trademark is unregistered.

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16. As to the ITC s claim for copyright proprietorship of the artistic work in the said logo, it is argued that the documents filed in the plaintiff s list of documents indicating in each of the copyright registrations, the logo is not depicted independently but forms part of a larger canvass of work. In this regard, Philip Morris points out that:

(i) The first registration is accompanied by the expression "ITC WELCOM

HOTELS AND INDOVILS" on the top of the logo while at the bottom the expression 'we enjoy people' is inscribed.

(ii) The second registration is another variant of similar content.

(iii) The third and fourth registrations are accompanied by the expression 'The MUGHAL AGRA'.

(iv) The fifth registration depicts the logo in a miniature form, the prominent features being the expressions "ITC HOTELS" and "THE MUGHAL AGRA".

(v) The sixth registration is accompanied by the expression "THE MAURYA NEW DELHI" while the seventh is similar to the fifth registration except that the expression the "MUGHAL ERA" is substituted by the "MAURYA NEW DELHI".

(vi) The other registration certificates also reproduced in para 16 of the suit depict a common pattern of registrations where the title of various hotels located in different cities are prominently depicted in the registrations, including the artistic work comprised in the logo in question, which has been projected in a relatively smaller proportion.

17. Philip Morris submits that ITC's copyright registration certificates unmistakably show that it never intended to project its Welcomgroup W-NAMASTE logo (of the folded hands) as a prominent or leading part of the works in question. The defendants rely on the extract of a print-out from "TIMES GROUP" website - filed with the suit, by

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the plaintiff, that the logo in question which is described as W - Namaste logo was created solely for the hospitality industry. The following extract is relied on:

—When ITC decided to enter the hotel industry, in the 70's, they knew they had to face the two strong Indian Brands - Taj and Oberoi. ITC decided to position its hotel-chain as —truly Indian and gave it the name —WELCOMGROUP to signify the welcoming nature of the Indian sub-continent, where cultures and religions have found a safe haven for centuries. In a fitting manner, R.K. Joshi of Ulka Advertising created the —W - Namaste logo for —WELCOMGROUP .

Elaborating, Philip Morris argues that ITC uses the W-NAMASTE logo only for the hotels run by it under the banner of "WELCOMGROUP". It uses different logos for the hotels run by it under the banner of SHERATON, FORTUNE AND WELCOMHERITAGE. Thus, the logo in question does not cover the operations of the plaintiff even for its entire range of hospitality services and its application is confined only to WELCOMGROUP hotels and food products served in such/marketed from such hotels.

18. The defendants argue that the disputed logo is not used by them for marketing festival packs for the first time this year and that the products under the disputed logo have been sold by the defendants in and outside India earlier. The defendants claim to

have used their distinctive "Roof" device logo in the "outline" style keeping the inner space hollow during the festive season in the year 2008 as well. They urge that the plaintiff has not come to the Court with clean hands, and has suppressed the fact that it had knowledge that Philip Morris had earlier used a design identical to the impugned design in India during the festive season in 2008 and also in 2007. Philip Morris also submits that fireworks, crackers and lights are not a monopolized feature of the Diwali festival celebrated in India, but that across the world, there are several festive occasions where people celebrate occasions by display of lights and use of fireworks/crackers like the Chinese New Year, 4th of July in the USA, Tet Festival in Vietnam, carnival at Goa etc. The flame in which the outline of the defendants' logo has been stylized signifies

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light and fire. A Similar style, with minor variations are used in the year 2008 as well the products were sold in Venezuela and Hong Kong, to name a few.

19. The defendants submit that their "Roof" device logo, has been used not only for the limited edition festive packs but also for marketing their products on different occasions. In the year 2007, the defendants sold their Marlboro cigarettes in the hollow outlined version of their roof-top device under the byline of Die-Cut packs. Similarly, 2008, virtually a similar style was used with minor variations during the festive season. It is also significant that same packs were sold in Venezuela and Hong Kong as well. It is contended that the only material difference in the packing for the current year in contradistinction to the packing for the last year is that the defendants have used the outline hollow device, its roof device logo by stylizing the outlines in the artistic version of flames accompanied with its trademark "Marlboro" and also reproducing its traditional roof device logo in non-hollow/solid version on the side panels of the packaging. On the other hand, in the packaging for the last year, the non-hollow solid version was not placed on the side-panels but instead, was placed on the reverse side of the packaging and the outline version of the roof device logo was stylized in the torch version, i.e. on the right side of the outline, the straight vertical line was intercepted by a sparkling torch giving an impression of flame. Therefore, essentially on the front side of the packaging the only significant variation is that instead of confining the flame to depict only a portion of the outline, the entire outline is depicted in flame. The plaintiff, says Philip Morris, being the market-leader in the cigarette business in India with approximately 79% of the total market and over 98% of the king-size segment, was well-aware of the existence of these packets in the market even in the preceding years and there is nothing new which has happened to justify the institution of suit just a few days before Diwali festival, with a view to disrupt the business of the defendants.

20. Philip Morris says that it has independent and distinctive trademarks in the word mark, their logo mark is also completely dissimilar to that of the plaintiff. This, it is contended, is acknowledged by the plaintiff in para 23 of the suit whereby it clearly

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emerges that if the roof-device of the defendants is dissimilar to ITC's 'W-Namaste'; it is urged that there is no possibility of infringement of copyright or the trademark, nor is



there any likelihood of deception or confusion in the minds of even casual smokers. According to Philip Morris, ITC's case is not that the hospitality industry segment is so prominently engaged in selling cigarettes as a commodity that an unwary purchaser may be misled in confusing the outline version of the roof-device logo of the defendants with that of the "W-Namaste" logo of the plaintiff. Philip Morris says that customers patronizing such hotels, familiar with the "W-Namaste" logo (of the plaintiff) are persons from a relatively affluent class who are not likely to mistake a Marlboro cigarette with the plaintiff's product merely because its roof device is displayed in the hollow form. statutory rules, points Philip Morris, mandate that all cigarette manufacturers have to display the name of the manufacturer/source of manufacturer and all cigarettes are sold on the strength of word-marks as well.

21. Philip Morris claims that its registered trademark "Marlboro" is a trademark known the world-over, and a „well-known trademark“, as defined in Section 2(1)(zg) of the Act. The trademark Marlboro was first registered in 1956 and is currently registered in about 118 jurisdictions. The registered marks of Philip Morris consists of the characteristic „roof device“ which is an integral part of the mark and is used in all packaging of the various cigarettes sold under the Marlboro brand. The roof device is also a separately registered mark in several jurisdictions. The said trademarks, devices and logos associated with the Marlboro brands have acquired worldwide reputation and are easily recognizable and well-known to the smoking public and there is no scope of it being confused with any other brand of cigarettes.

22. It is argued that Marlboro cigarettes are sold in more than 160 countries all over the world; they have been imported into and sold in India since 2003. Even prior to that Marlboro cigarettes were freely available in duty-free shops at International Airports in India. Since July 2009, Marlboro red and gold cigarettes are being manufactured in India. Marlboro cigarettes sold in India belong to the segment known as „King Size Filters“. The

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price of Marlboro cigarettes sold in India range from Rs.90/- to Rs.94/-, for a packet of 20 cigarettes. There are only a few other brands of cigarettes available in the market in the same competing category. The said cigarettes are:

Brand	Manufacturer	MRP
Classic Regular (10/20s)	ITC	Rs.47/- to 94/-
Classic Milds (10/20s)	ITC	Rs.47/- to 94/-
Classic Ultra Milds (10/20s)	ITC	Rs.47/- to 94/-
Classic Menthol (10/20s)	ITC	Rs.47/- to 94/-
India Kings (20s)	ITC	Rs.100/-
Jaisalmer (20s)	Godfrey Phillips India Ltd.	Rs.80/-
Marlboro (20s)	Godfrey Phillips India Ltd.	Rs.94/-

(Red and gold)

23. It is submitted that the consumers of Marlboro cigarettes are, therefore, at the higher end of the market of cigarette smokers who are well-aware of the identity of various brands and the question of confusion or deception with the impugned design/logo with that of the plaintiff's claimed design/logo is impossible. The defendants say that only plausible driving force behind the present suit is that the plaintiff is threatened the No.1 brand in the world, Marlboro, which the Defendant No.3 is authorized to and is manufacturing in India. The defendants are marketing their brand of cigarettes in King-size segment in respect of which the plaintiff is the market leader in India and as such plaintiff is feeling threatened with the increased and more direct presence of Marlboro brand cigarettes in India. The defendants also say that their roof device logo, in a large number of variants is registered as a trademark in various countries all over the world. India, the trademark of the Defendant No.1 is registered in Class-34 meant for manufactured tobacco products, including cigarettes in different variants, which are

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described in the written statement. In the last Diwali season, similar looking festival packs, were imported and sold in the Indian market but the plaintiff has opted to institute the present suit only in this year for the reason that it is apprehensive of its ability to withstand the quality competition from the defendants. The plaintiff is the market-leader and the dominant player in the king-size cigarette segment and as such, controls more than 98% of the king-size cigarette market-share. This suit is nothing but a device to kill competition and maintain monopoly.

24. The defendants submit that the plaintiff has already acquiesced by permitting the Defendant Nos. 1 and 2 to sell their cigarettes in the last two years, as stated above (cut style in 2007 and torch-flame style in 2008) and as such the plaintiff is estopped from sustaining the present litigation, particularly in relation to goods in the nature of cigarettes which is a fast moving consumer merchandise. The inaction of the plaintiff in not complaining in respect of the earlier 2007 and 2008 packs which had a closely similar design as the design impugned in this suit clearly establishes that the plaintiff has not suffered any damage and it has not diluted or blurred the reputation or mark of the plaintiff. Therefore, they are not entitled to the equitable remedy of injunction.

25. The defendants refer to the independent goodwill and reputation of their Marlboro brand cigarettes comprising of the wordmark "Marlboro" and the device of the roof logo, which is not similar to the "W Namaste" logo of the plaintiff (which in any case is irrelevant for cigarettes) having never been used for cigarettes and as such the plaintiff has no personal interest in the subject matter of the suit and the suit is barred under Section 41(j) of the Specific Relief Act, 1963. The suit is also barred under Section 41 of the Specific Relief Act, 1963, the plaintiff having suppressed and concealed material facts from this Court.

26. The defendants emphasize that the plaintiff's action for alleged dilution of its mark has to be judged from the standards prescribed by Section 29 (4) of the Act which postulates that the mark in question (which complains of its dilution) must have acquired

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such degree of distinctiveness that use of an identical or similar mark in relation to dissimilar products or services, would infringe it. This test of dilution has to be strictly followed, says senior counsel for the defendants. Counsel submits that Parliamentary concern in prescribing these standards has to be carefully considered and faithfully implemented by the Court, and that previous precedents have to be viewed in the light of the objective criteria enacted, for the first time in India. Dilating on this, it is submitted that Daimler Benz Aktiengesellschaft and Aktiebolaget Volvo were decided in the absence of statutory interdict and that the judicially evolved concept of dilution therefore, has to be now suitably reviewed in the light of the statute. Reliance is placed on the judgment of the European Court of Justice, in Intel Corporation v CPM UK Ltd, (Case C 252/07, June 2008). Reliance is also placed on the judgment of the US Supreme Court in Moseley v. V. Secret Catalogue, Inc., 537 U.S. 418 (2003). The defendants submit that there must be, to establish a case of trademark dilution (a species confined to instances of dissimilar goods and products), the senior mark owner should not only reveal, prima facie strong resemblance- of the two marks, but also a "linkage" or mental association of the offending mark, with that of the plaintiff's. Reliance is placed on Professor McCarthy's publication McCarthy on Trademarks and Unfair Competition. That linkage, says the defendant, is absent in this case. Lastly, it is submitted that the other important ingredient which should be present in the case of the offending mark is that its use is without due cause and that it takes unfair advantage of the plaintiff's mark.

27. The defendants say that the plaintiff's suit has to be dismissed under the provisions of Order 12 Rule 6 CPC on account of certain admissions such as that the roof device logo is proprietary to the defendants; that the plaintiff has not disclosed even a single incident/illustration, indicating likelihood of passing-off or unfair competition. The Plaintiff is conspicuously silent on the point that it has ever sold any of its cigarettes under the „W - Namaste' logo, which alone is the subject matter of the suit and as such there is no question of passing-off, unfair competition or for that matter, infringement.

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that the Plaintiff is silent on the non-registration of „W-Namaste' logo as a stand-alone trademark.

Relevant provisions of law

28. It is relevant to extract the relevant provisions of the Trademarks Act, 1999 (

Act"):

Section 2 (1)(h): 'deceptively similar'- A mark shall be deemed to be deceptively similar to another mark if it so nearly resembles that other mark as to be likely to deceive or cause confusion;

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xxxxxxx

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Section 29. Infringement of registered trade marks - (1) A Registered trade mark is infringed by a person who, not being registered proprietor or a person using by way of permitted use, uses in the course of trade, a mark which is identical with, or deceptively similar to, the trade mark in relation to goods or services in respect of which the trade mark is registered and in such manner as to render the use of the mark likely to be taken as being used as a trade mark.

(2) A registered trade mark is 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 -

(a) its identity with the registered trade mark and the similarity of the goods or services covered by such registered trade mark; or  
(b) its similarity to the registered trade mark and the identity or similarity of the goods or services covered by such registered trade mark; or

(c) its identity with the registered trade mark and the identity of the goods on services covered by such registered trade mark is likely to cause confusion on the part of the public, or which is likely to have an association with the registered trade mark.

(3) In any case falling under clause (c) of sub-section (2), the court shall presume that it is likely to cause confusion on the part of the public.

(4) A registered trade mark is 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 -

(a) is identical with or similar to the registered trade mark; and

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(b) is used in relation to goods or services which are not similar to those for which the trade mark is registered; and  
(c) the registered trade mark has 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.

(5) A registered trade mark is infringed by a person if he uses such registered trade mark, as his trade name or part of his business concern dealing in goods or services in respect of which the trade mark is registered.

(6) For the purposes of this section, a person uses a registered mark, if, in particular, he -

(a) affixes it to goods or the packaging thereof;  
(c) offers or exposes goods for sale, puts them on the market, or stocks them for those purposes under the registered trade mark, or offers or supplies services under the registered trade mark;  
(d) uses the registered trade mark on business papers or in advertising.

(7) A registered trade mark is infringed by a person who applies such registered trade mark to a material intended to be used for labeling or packaging goods, as a business paper, or for advertising goods or services, provided such person, when he applied the mark, knew or had reason to believe that the application of the mark was not duly authorized by the proprietor or a licensee.

(8) A registered trade mark is infringed by any advertising of that trade mark if such advertising-

- (a) takes unfair advantage of and is contrary to honest practices in industrial or commercial matters; or
- (b) is detrimental to its distinctive character; or
- (c) is against the reputation of the trade mark.

(9) 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 and reference in this section to the use of a mark shall construed accordingly.

29. Indian law has mirrored English law, on the subject. The relevant provision in Section 10(3) of the UK Trade Marks Act, 1994, reads as follows:

–Section 10 (3):

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A person infringes a registered trade mark if he uses in the course of trade a sign which-

- (a) is identical with or similar to the trade mark, and
- (b) is used in relation to goods or services which are not similar to those for which the trade mark is registered, where the trade mark has a reputation in the United Kingdom and the use of the sign, being without due cause, takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark...

30. A trademark, it is said, denotes a connection in the course of trade between a manufacturer and his goods. It is an identification characterized famously as "a badge of origin". An important aspect here is that the mark should be distinctive; it should be capable of distinguishing the goods and services of one from another. The heart of trademark protection revolves around protecting consumers from being misled. Trademarks impart source and producer identifying cues (or markers), and thereby provide consumers with the means to make judgments concerning the goods before sampling or purchasing them. One of the essential conditions for protection is that the mark should have acquired some distinctiveness, and the claim for that is not founded on mere continued use. The unfair use of a mark which is identical, or similar to the trademark in question leads the courts, in infringement actions, to examine the rival marks, as a whole, to determine the scope or potentiality or likelihood of confusion. This was explained in *Durga Dutt Sharma v. Navaratna Pharmaceuticals Laboratories*, (1965) 1 SCR 737

–once the use by the defendant of the mark which is claimed to infringe the plaintiff's mark is shown to be –in the course of trade, the question whether there has been an infringement is to be decided by comparison of

the two marks. Where the two marks are identical no further questions arise; for then the infringement is made out. When the two marks are not identical, the plaintiff would have to establish that the mark used by the defendant so nearly resembles the plaintiff's registered trade mark as is likely to deceive or cause confusion and in relation to goods in respect of which it is registered (Vide Section 21). A point has sometimes been raised as to whether the words –or cause confusion introduce any element which is not already covered by the words –likely to deceive and it has sometimes been answered by saying that it is merely an extension of the earlier test and does not add very materially to the concept indicated by the earlier words –likely to deceive . But this apart, as the question arises in an action for infringement the onus would be on the plaintiff to establish

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that the trade mark used by the defendant in the course of trade in the goods in respect of which his mark is registered, is deceptively similar. This has necessarily to be ascertained by a comparison of the two marks -- the degree of resemblance which is necessary to exist to cause deception not being capable of definition by laying down objective standards. The persons who would be deceived are, of course, the purchasers of the goods and it is the likelihood of their being deceived that is the subject of consideration. The resemblance may be phonetic, visual or in the basic idea represented by the plaintiff's mark. The purpose of the comparison is for determining whether the essential features of the plaintiff's trade mark are to be found in that used by the defendant. The identification of the essential features of the mark is in essence a question of fact and depends on the judgment of the Court based on the evidence led before it as regards the usage of the trade. It should, however, be borne in mind that the object of the enquiry in ultimate analysis is whether the mark used by the defendant as a whole is deceptively similar to that of the registered mark of the plaintiff.

These tests have been applied in subsequent decisions reported as F. Hoffman La Roche & Co v. Geoffrey Manner Co (Pvt) Ltd. 1969 (2) SCC 716; Cadila Health Care Ltd. v. Cadila Pharmaceuticals Ltd., (2001) 5 SCC 73, and Ramdev Food Products (P) Ltd. v. Arvindbhai Rambhai Patel, (2006) 8 SCC 726. In the last decision (Ramdev) the Supreme Court noted the decision of the European Court in Canon Kabushiki Kaisha v. Metro Goldwyn Mayer Inc. 1999 RPC 117 to the following effect:

–28. That case concerned the interpretation of Article 4(1)(b) of the directive insofar as it refers to 'a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark'. The court explained that it had been submitted that 'the likelihood of association may arise in three sets of circumstances: (1) where the public confuses the sign and the mark in question (likelihood of direct confusion); (2) where the public makes a connection between the proprietors of the sign and those of the mark and confuses them (likelihood of indirect confusion or association); (3) where the public considers the sign to be similar to the mark and perception of the sign calls to mind the memory of the mark, although the two are not confused (likelihood of association in the strict sense) (para 16 of

the judgment).

29. The court stated that it was therefore necessary to determine 'whether Article 4(1)(b) can apply where there is no likelihood of direct or indirect confusion, but only a likelihood of association in the strict sense' (para 17 of the judgment). It concluded: 'The terms of the provision itself exclude its application where there is no likelihood of confusion on the part of the public' (para 18 of the judgment). Thus, the court held that 'the mere association which the public might make between two trademarks as a result of their

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analogous semantic content is not in itself a sufficient ground for concluding that there is a likelihood of confusion' within the meaning of Article 4(1)(b).

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40. That view is also confirmed by the judgment of the court in Sabel, in which it held that the 'likelihood of confusion must ... be appreciated globally, taking into account all factors relevant to the circumstances of the case' (at para 22). It is true that that statement was made in a different context: the court was there considering the question whether conceptual similarity of the marks alone could give rise to confusion within the meaning of Article 4(1)(b), in a situation in which the goods in question were clearly the same. However, the statement is one of general application.

31. As Section 29 (1) and (2) of the Act clarify, infringement actions cover resemblance or deceptive similarity between a registered mark and another, in relation to the same or similar goods. In such case, if the requisite degree of resemblance is established, infringement has to be presumed, by virtue of Section 29 (3). However, the legislature has devised a slightly different standard in case of infringement of trademark where the goods or products are not similar, but are dissimilar. This is, in Trademark parlance, known as action for trademark dilution.

32. The concept of dilution was first thought of by Frank I Scheckter, in "The Rational Basis of Trade Mark Protection" [1927] 40 Harvard Law Review 813. Judge Learned Hand's famous opinion in *Yale Electric Corp. v. Robertson*, 26 F.2d 972 (2d Cir. 1928) which approved injunctive relief against a defendant's use of a mark similar to that of plaintiff in connection with unrelated goods states, inter alia, that:

—[I]t has of recent years been recognized that a merchant may have a sufficient economic interest in the use of his mark outside the field of his own exploitation to justify interposition by a court. His mark is his authentic seal; by it he vouches for the goods which bear it; it carries his name for good or ill. If another uses it, he borrows the owner's reputation, whose quality no longer lies within his own control. This is an injury, even though the borrower does not tarnish it, or divert any sales by its use; for a reputation, like a face, is the symbol of its possessor and creator, and another can use it only as a mask. And so it has come to be recognized that, unless the borrower's use is so foreign to the owner's as to insure against any identification of the two, it is unlawful.

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33. The old law in India, i.e the Trade and Merchandise Marks Act, 1958, did not provision for trademark dilution, as in the case of Section 29 (4). The principle of dilution therefore, was developed by our courts, having regard to internationally recognized standards about the need to protect generally well known trademarks, whose exploitation, without any good cause in relation to diverse and dissimilar products or services could injure and "dilute" its appeal. Thus, in Daimler Benzaktiegesellschaft & Anr. v. Eagle Flask Industries Ltd., ILR (1995) 2 Del 817 this court held that:

-14. There are marks which are different from other marks. There are names and marks which have become household words. Mercedes as name of a Car would be known to every family that has ever used a quality car. The name -Mercedes as applied to a car, has a unique place in the world. There is hardly one who is conscious of existence of the cars/automobiles, who would not recognize the name -Mercedes used in connection with cars. Nobody can plead in India, where -Mercedes cars are seen on roads, where -Mercedes have collaborated with TATAs, where there are Mercedes Benz--Tata trucks have been on roads in very large number, (known as Mercedes Benz Trucks, so long as the collaboration was there), who can plead that he is unaware of the word -Mercedes as used with reference to car or trucks.

15. In my view, 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 worldwide. By no stretch of imagination can it be said that use for any length of time of the name -Mercedes should be not, objected to.

16. We must keep in mind that the plaintiff company exists in Germany. An insignificant use by too small a product may not justify spending large amounts needed in litigation. It may not be worthwhile.

17. However, if despite legal notice, any one big or small, continues to carry the illegitimate use of a significant world wide renowned name/mark as is being done in this case despite notice dated 04-07-1990, there cannot be any reason for not stopping the use of a world reputed name. -None should be continued to be allowed to use a world famed name to goods which have no connection with the type of goods which have generated the world wide reputation.

18. In the instant case, -Mercedes is a name given to a very high priced and extremely well engineered product. In my view, the defendant cannot dilute that by user of the name Mercedes with respect to a product like a thermos or a casserole.

The observations have been assimilated in case law, by the courts in India, and applied, wherever trademark dilution was alleged (Ref Larsen & Toubro Limited v. Lachmi Narain Traders, ILR (2008) 2 Del 687, Sunder Parmanand Lalwani and Ors. v. Caltex

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(India) Ltd., AIR 1969 Bom 24; Bata India Ltd. v. M/s. Pyare Lal & Co. Meerut City



and Ors. AIR 1985 All 242; Kiriloskar Diesel Recon (P) Ltd. v. Kirloskar Proprietary Ltd., AIR 1996 Bom 149)

34. The Act, as existing is not explicit about dilution- it does not refer to that. Yet, the entire structure of Section 29(4) is different from the earlier part, and in effect expresses Parliamentary intent about the standards required for a plaintiff to establish dilution of its trademark, in relation to dissimilar goods or products. This is because:

(1) The "likelihood of Confusion" test which is the essential basis of Trademark law, is not incorporated in relation to infringement of the kind Section 29(4) envisions. Section 29(1) - which talks of trademark infringement, generally, prescribes that the impugned mark should be "identical with, or deceptively similar to the registered trademark. Section 29 (2), (which deals with trademark infringement) enacts that the impugned mark should be similar or identical with the registered mark, as to cause confusion in relation to similar goods. The emphasis on similar goods is the recurring theme in each of the sub clauses ((a), (b) and (c)) and the identity/ similarity requirement along with the similarity of goods are twin, conditions (established by the use of the conjunctive "and"). However, Section 29 (4) posits identity or similarity of the mark alone but, in relation to dissimilar goods.

(2) The object of the "dilution" form of infringement (under Section 29(4)) in effect, is a wider trademark protection without the concomitant likelihood of confusion requirement, as it is in respect of dissimilar or unrelated products and services.

(3) The confusion requirements under Section 28 are different from those under Section 29 (4). Section 29 (4) does not refer to the need for proving confusion anywhere in the relevant portions. Obviously the emphasis here is different.

(4) The plaintiff has to establish, under Section 29 (4) apart from the similarity of the two marks (or their identity) that his (or its) mark -

(i) has a reputation in India;

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(ii) the use of the mark without due cause

(iii) the use (amounts to) taking unfair advantage of or is detrimental to, the distinctive character or repute of the registered trade mark.

(5) Importantly, there is no presumption about trademark infringement, even if identity of the two marks is established, under Section 29 (4). In contrast, Section 29 (3) read with Section 29 (2) (c) enact that if it is established that the impugned mark's identity with the registered trade mark and the identity of the goods or services covered by such registered trade mark 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 court shall presume that it is likely to cause confusion on the part of the public.

35. There has been considerable debate about the precise contours of trademark dilution standards, in the context of unfair competition, in courts in the United States, European Court and courts in the United Kingdom. US courts had split on whether the owners of famous marks had to prove "actual" dilution, or a "likelihood" of dilution. In 2003, the US Supreme Court resolved the split in *Moseley v. V. Secret Catalogue, Inc.*, 537 U.S. 418 (2003), holding that proof of actual dilution was required. Speaking to concerns about the expense of "often unreliable" consumer surveys and other means of demonstrating actual dilution, the Court held that such direct evidence -will not be necessary if actual dilution can reliably be proved through circumstantial evidence.

There was Congressional intervention soon thereafter, which somewhat blunted the court's holding. The court noted that dilution was largely a statute driven concept, unlike common law evolved reliefs:

"Unlike traditional infringement law, the prohibitions against trademark dilution are not the product of common-law development, and are not motivated by an interest in protecting consumers. The seminal discussion of dilution is found in Frank Schechter's 1927 law review article concluding 'that the preservation of the uniqueness of a trademark should constitute the only rational basis for its protection.' ' Rational Basis of Trademark Protection, 40 Harv. L.Rev. 813, 831."

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36. An anti-dilution remedy is contemplated by Articles 4 and 5 of the First Council Directive of the European Communities (89/104/EEC) dated December 21, 1988; it was implemented, for the European Union through Council Regulation (EC) No. 40/94 dated December 20, 1993. It is known as an "anti-detriment" remedy in the United Kingdom and is enacted in Sections 5 and 10 of the Trade Marks Act 1994 (U.K.), 1994. The courts in the United Kingdom have been cautious in granting this remedy, as seen in Mastercard International Inc. v. Hitachi Credit (UK) Plc, [2004] EWHC 1623 (Ch.) (confirming the dismissal of Mastercard's opposition to the trademark Credit Master for credit card); Pebble Beach Co. v. Lombard Brands Ltd., [2002] S.L.T. 1312 (refusing to grant a preliminary injunction against whisky makers using the trademark "Pebble Beach" when the owners of the famous American golf course claimed these marks were detrimental to their own); DaimlerChrysler AG v. Alavi, [2001] R.P.C. 42, (where the court rejected the claim of Mercedes-Benz against the defendant's MERC trade mark, used in association with a clothing and shoe business), and Baywatch Production Co. v. Home Video Channel, [1997] F.S.R. 22 (Ch.) (where the court found that the broadcasting of "Babewatch", which contained sexually explicit material, was not detrimental to the "Baywatch" trade mark). It was held, in DaimlerChrysler AG -v- Alavi [2001] RPC 42 that:-

"88. In my view, the best approach is just to follow the section, remembering Jacobs A.G.'s warning that it is concerned with actual effects, not risks or likelihoods. The enquiry is as follows. (1) Does the proprietor's mark have a reputation? If so, (2) is the defendant's sign sufficiently similar to it that the public are either deceived into the belief that the goods are associated with the proprietor so that the use of the sign takes unfair advantage of the mark, or alternatively causes detriment in their minds to either (a) the repute or (b) the distinctive character of the mark, or (3) even if they are not confused, does the use of the sign nonetheless have this effect, and (4) is the use complained of nonetheless with due cause. Detriment can take the form either of making the mark less attractive (tarnishing, to use Neuberger J.'s word) or less distinctive (blurring). On this analysis, VISA is of course a case of tarnishing."

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37. The test of similarity or confusion had been indicated, in *Sabel BV v Puma AG* [1998] RPC 199 as follows: -

" . . . The likelihood of confusion must therefore be appreciated globally, taking into account all factors relevant to the circumstances of the case....That global appreciation of the visual, aural or conceptual similarity or the marks in question, must be based on the overall impression given by the marks, bearing in mind, in particular, their distinctive and dominant components . . . The average consumer normally perceives a mark as a whole and does not proceed to analyse its various details."

It was held, in *Adidas-Salomon AG v Fitnessworld Trading Ltd* [2004] Ch 120, that it is not necessary to establish confusion or the likelihood of confusion in order to establish infringement under this head. The plaintiff has to show that there is sufficient degree of similarity between the mark with a reputation and the sign (ie. the impugned mark) to have the effect that the relevant section of the public establishes a link between the sign and the mark. The court also cautioned that all tests have to be cumulatively satisfied, or else the courts would be indulging in over-protection to the registered mark affecting competition:

'Above all, it is necessary to give full weight to the provisions of Article 5(2) as a whole. Thus the national court must be satisfied in every case that the use of the contested sign is without due cause; and that it takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the mark. These requirements, properly applied, will ensure that marks with a reputation, whether or not the reputation is substantial, will not be given unduly extensive protection.'

38. Explaining what is meant by "reputation" it was held, in *General Motors Corp v Yplon SA* [1999] All ER (EC) 865 by the ECJ that in order to have a reputation a trade mark had to satisfy a 'knowledge threshold'. This was described as follows:

-26 The degree of knowledge required must be considered to be reached when the earlier mark is known by a significant part of the public concerned by the products or services covered by that trade mark.

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27 In examining whether this condition is fulfilled, the national court must take into consideration all the relevant facts of the case, in particular the market share held by the trade mark, the intensity, geographical extent and duration of its use, and the size of the investment made by the undertaking in promoting it.

39. US Courts have emphasized the similarity or confusing nature of the mark, having regard to dissimilar goods, by saying that that the perception of the sign or should be that it calls to mind the memory of the mark, although the two are not confused (likelihood of association in the strict sense). Thus, it was held by the

Seventh Circuit (US), in Barbecue Marx, Incorporated, Plaintiff -vs- Ogden, Incorporated 235 F.3d 1041 (7th Cir. 2000) that:

–In order to secure injunctive relief, the rival mark should be confusingly similar in appearance and suggestion, to the plaintiff's mark.

40. Recently, in Canada Toys -vs- Mattel Inc 518 F.3d 628, (2008) (2nd Circuit) it held that:

–The federal dilution statute also requires a showing of likelihood of dilution either [\*\*16] by blurring or by tarnishment. 15 U.S.C. § 1125(c)(1). Where, as here, a plaintiff's claim is based on a dilution by blurring theory, the question is whether the "association arising from the similarity between a mark or trade name and a famous mark . . . impairs the distinctiveness of the famous mark." Id. § 1125(c)(2)(B). A court may consider all relevant factors in making this determination, including the six identified by the statute:

(i) The degree of similarity between the mark or trade name and the famous mark.

(ii) The degree of inherent or acquired distinctiveness of the famous mark.

(iii) The extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark.

(iv) The degree of recognition of the famous mark.

(v) Whether the user of the mark or trade name intended to create an association with the famous mark.

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(vi) Any actual association between the mark or trade name and the famous mark.

41. The need to establish "linkage" or mental association of the offending mark, with that of the plaintiff s is one of the vital essentials for securing relief in any claim dilution. This was emphasized as follows, by Professor McCar (McCarthy, J. Thomas. McCarthy on Trademarks and Unfair Competition, Vol. IV, 4th ed. 1996 (loose-leaf updated December 2005, release 36):

–. . . if a reasonable buyer is not at all likely to think of the senior user's trademark in his or her own mind, even subtly or subliminally, then there can be no dilution. That is, how can there be any –whittling away if the buyer, upon seeing defendant's mark, would never, even unconsciously, think of the plaintiff's mark? So the dilution theory presumes some kind of mental association in the reasonable buyer's mind between the two parties and the mark. [Footnote omitted; emphasis in original; -- 24:70, at p. 24-143.]

–On the one hand, well-known mark owners say that people should not reap where they have not sown, that bad faith should be punished, that people who sidle up to their well-known marks are guilty of dishonest commercial practice. These vituperations lead nowhere. One might as well say that the well-known mark owner is reaping where it has not sown when it stops a trader in a geographic or market field remote from the owner's fields from using the same or a similar mark uncompetitively. (D. Vaver, –Unconventional and Well-known Trade Marks , [2005] Sing. J.L.S. 1, at p. 16)

42. Two recent decisions of the Canadian Supreme Court, also dealt with the subject. In the first, *Veuve Clicquot Ponsardin, Maison Fondée en 1772 vs- Boutiques Cliquot Ltée, Mademoiselle Charmante Inc. and 3017320 Canada Inc.* [2006] 1 S.C.R. 824 (action brought by *Veuve Clicquot*, a premium champagne brand against the junior user's use of the same word mark in relation to women clothing range boutiques) the court emphasized the need to show distinctiveness in the region, of the mark, beyond the wares or services of the proprietor, and other relevant factors:

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–The finding that VEUVE CLICQUOT is a –famous mark is of importance in considering –all the surrounding circumstances because fame presupposes that the mark transcends at least to some extent the wares with which it is normally associated. The evidence is clear that VEUVE CLICQUOT carries an aura of luxury which may extend outside the wine and champagne business, and may (as the appellant's expert stated) evoke a broad association with luxury goods.

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33 While the halo effect or aura of the VEUVE CLICQUOT mark is not necessarily restricted to champagne and related promotional items and could expand more broadly into the luxury goods market, no witness suggested the mark would be associated by ordinary consumers with mid-priced women's clothing. Thus, in considering all of the relevant circumstances, the trial judge was of the opinion –that the key factor is the significant difference between the plaintiff's wares and those of the defendants and that –[t]he plaintiff's activities and those of the defendants are so different that there is no risk of confusion in consumers' minds (para. 76). In weighing up the s. 6(5) factors, this was an emphasis she was entitled to place in this particular case. Section 6(2) recognizes that the ordinary somewhat-hurried consumer may be misled into drawing the mistaken inference –whether or not the wares or services are of the same general class , but it is still a question for the court as to whether in all the circumstances such consumers are likely to do so in a particular case.

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45           The depreciation or anti-dilution remedy is sometimes referred to as a –super weapon which, in the interest of fair competition, needs to be kept in check. In his leading six-volume U.S. treatise on trademark law, Professor J. T. McCarthy writes in terms that, substituting depreciation for dilution, are directly applicable to this case:

□Even the probability of dilution should be proven by evidence, not just by theoretical assumptions about what possibly could occur or might happen. . . . the courts should separate any anti-dilution claim into its discrete elements and rigorously require a showing of proof of those elements.'

(McCarthy on Trademarks and Unfair Competition, vol. 4 (4th ed. (loose-leaf), -- 24:67.1, at p. 24-136)

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46           Section 22 of our Act has received surprisingly little judicial attention in the more than half century since its enactment. It seems that where marks are used in a confusing manner the preferred remedy is under s. 20. Equally, where there is no confusion, claimants may have felt it difficult to establish the likelihood that depreciation of the value of the goodwill would occur. Be that as it may, the two statutory causes of action are conceptually quite different. Section 22 has four elements. Firstly, that a claimant's registered trade-mark was used by the defendant in connection with wares or services -- whether or not such wares and services are competitive with those of the claimant. Secondly, that the claimant's registered trade-mark is sufficiently well known to have significant goodwill attached to it. Section 22 does not require the mark to be well known or famous (in contrast to the analogous European and U.S. laws), but a defendant cannot depreciate the value of the goodwill that does not exist. Thirdly, the claimant's mark was used in a manner likely to have an effect on that goodwill (i.e. linkage) and fourthly that the likely effect would be to depreciate the value of its goodwill (i.e. damage). I will address each element in turn.

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54           While –fame is not a requirement of s. 22, a court required to determine the existence of goodwill capable of depreciation by a –non-confusing use (as here) will want to take that approach into consideration, as well as more general factors such as the degree of recognition of the mark within the relevant universe of consumers, the volume of sales and the depth of market penetration of products associated with the claimant's mark, the extent and duration of advertising and publicity accorded the claimant's mark, the geographic reach of the claimant's mark, its degree of inherent or acquired distinctiveness, whether products associated with the claimant's mark are confined to a narrow or specialized channel of trade, or move in multiple channels, and the extent to which the mark is identified with a particular quality. See generally F. W. Mostert, Famous and Well-Known Marks: An International Analysis

(1997), at pp. 11-15; INTA, Protection of Well-Known Marks In the European Union, Canada and the Middle East (October 2004).

In another judgment, *Mattel, Inc. v. 3894207 Canada Inc.*, [2006] 1 S.C.R. 772, the court observed about the trade dilution theory, (while refusing to grant relief to the "Barbie brand against use of that term in relation to a restaurant,) that:

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–The traditional rule was that –[i]f [a manufacturer] does not carry on a trade in iron, but carries on a trade in linen, and stamps a lion on his linen, another person may stamp a lion on iron : *Ainsworth v. Walmsley* (1866), L.R. 1 Eq. 518, at pp. 524-25. While I agree with Professor McCarthy, quoted earlier, that –a relatively strong mark can leap vast product line differences at a single bound (§ 11:74), nevertheless it is implicit in Professor McCarthy's statement that the –product line will generally represent a significant obstacle for even a famous mark to leap over. The doll business and the restaurant business appeal to the different tastes of a largely different clientele. As was found by the Board:

–The nature of the opponent's wares and the applicant's services are quite different. In this regard, the opponent has established that its mark is very well known, if not famous in Canada, in association with dolls and doll accessories. The opponent's target market are children and to some extent adult collectors. By contrast, the applicant is in the restaurant business and its target market are [sic] adults. [p. 400]

79. There is no evidence that adult consumers would consider a doll manufacturer to be a source of good food, still less that the BARBIE trade-mark would be understood to guarantee, as the 1953 Fox Report (at p. 26) put it, –character and quality . The appellant suggests that the BARBIE doll has become part of pop culture, and there is some truth to that, but the meaning is not necessarily a positive recommendation for all wares and services...

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87. In the present case, quite apart from the great difference between the appellant's wares and the respondent's services, they occupy different

channels of trade and the increased potential for confusion that might arise through intermingling in a single channel of trade does not present a serious problem.

88. Both marks use the name □Barbie but the respondent's applied-for mark wraps the name in a design, whereas the appellant's mark as registered does not. On the other hand, if the appellant's mark as used in packaging and advertising is taken into account, there is a considerable resemblance.

43. The discussion on the subject would not be complete without a reference to the latest judgment of the European Court, on the issue, in Intel Corp Inc -vs- CPM United Kingdom Ltd 2009 ETMR 13. The claimant, Intel Corp Inc, registered trademark proprietor in respect of various marks, in the United Kingdom and several European I.A. NOS.12940/2009, 12941/2009 & 12942/2009 IN CS(OS) 1894/2009 Page 30 l countries, sued Intel-mark, the user of "Intel" in relation to telemarketing services. The courts in the United Kingdom had refused relief, holding that there was no dilution of the mark "Intel" despite its "huge" reputation; nevertheless the Court of Appeals made a reference to the European Court, which concurred with the view of the domestic courts. In the judgment, it restated the principles governing the field, as follows:

□44 As regards the degree of similarity between the conflicting marks, the more similar they are, the more likely it is that the later mark will bring the earlier mark with a reputation to the mind of the relevant public. That is particularly the case where those marks are identical.

45 However, the fact that the conflicting marks are identical, and even more so if they are merely similar, is not sufficient for it to be concluded that there is a link between those marks.

46 It is possible that the conflicting marks are registered for goods or services in respect of which the relevant sections of the public do not overlap.

47 The reputation of a trade mark must be assessed in relation to the relevant section of the public as regards the goods or services for which that mark was registered. That may be either the public at large or a more specialised public (see General Motors, paragraph 24).

48 It is therefore conceivable that the relevant section of the public as regards the goods or services for which the earlier mark was registered is completely distinct from the relevant section of the public as regards the goods or services for which the later mark was registered and that the earlier mark, although it has a reputation, is not known to the public targeted by the later mark. In such a case, the public targeted by each of the two marks may never be confronted with the other mark, so that it will not establish any link between those marks.

49 Furthermore, even if the relevant section of the public as regards the goods or services for which the conflicting marks are registered is the same or overlaps to some extent, those goods or services may be so dissimilar that the later mark is unlikely to bring the earlier mark to the mind of the relevant public.

I.A. NOS.12940/2009, 12941/2009 & 12942/2009 IN CS(OS) 1894/2009 Page 31 l 50 Accordingly, the nature of the goods or services for which the conflicting marks are registered must be taken into consideration for the purposes of assessing whether there is a link between those marks.



51 It must also be pointed out that certain marks may have acquired such a reputation that it goes beyond the relevant public as regards the goods or services for which those marks were registered.

52 In such a case, it is possible that the relevant section of the public as regards the goods or services for which the later mark is registered will make a connection between the conflicting marks, even though that public is wholly distinct from the relevant section of the public as regards goods or services for which the earlier mark was registered.

53 For the purposes of assessing where there is a link between the conflicting marks, it may therefore be necessary to take into account the strength of the earlier mark's reputation in order to determine whether that reputation extends beyond the public targeted by that mark.

54 Likewise, the stronger the distinctive character of the earlier mark, whether inherent or acquired through the use which has been made of it, the more likely it is that, confronted with a later identical or similar mark, the relevant public will call that earlier mark to mind.

55 Accordingly, for the purposes of assessing whether there is a link between the conflicting marks, the degree of the earlier mark's distinctive character must be taken into consideration.

56 In that regard, in so far as the ability of a trade mark to identify the goods or services for which it is registered and used as coming from the proprietor of that mark and, therefore, its distinctive character are all the stronger if that mark is unique - that is to say, as regards a word mark such as INTEL, if the word of which it consists has not been used by anyone for any goods or services other than by the proprietor of the mark for the goods and services it markets - it must be ascertained whether the earlier mark is unique or essentially unique.

57 Finally, a link between the conflicting marks is necessarily established when there is a likelihood of confusion, that is to say, when the relevant public believes or might believe that the goods or services marketed under the earlier mark and those marketed under the later mark come from the same undertaking or from economically-linked undertakings (see to that effect, inter alia, Case C-342/97 Lloyd Schuhfabrik Meyer I.A. NOS.12940/2009, 12941/2009 & 12942/2009 IN CS(OS) 1894/2009 Page 32 l [1999] ECR I-3819, paragraph 17, and Case C-533/06 O2 Holdings and O2 (UK) [2008] ECR I-0000, paragraph 59).

58 However, as is apparent from paragraphs 27 to 31 of the judgment in Adidas-Salomon and Adidas Benelux, implementation of the protection introduced by Article 4(4)(a) of the Directive does not require the existence of a likelihood of confusion.

59 The national court asks, in particular, whether the circumstances set out in points (a) to (d) of Question 1 referred for a preliminary ruling are sufficient to establish a link between the conflicting marks.

60 As regards the circumstance referred to in point (d) of that question, the fact that, for the average consumer, who is reasonably well informed and reasonably observant and circumspect, the later

mark would call the earlier mark to mind is tantamount to the existence of such a link.

61 As regards the circumstances referred to in paragraphs (a) to (c) of that question, as is apparent from paragraph 41 to 58 of this judgment, they do not necessarily imply the existence of a link between the conflicting marks, but they do not exclude one either. It is for the national court to base its analysis on all the facts of the case in the main proceedings.

62 The answer to point (i) of Question 1 and to Question 2 must therefore be that Article 4(4)(a) of the Directive must be interpreted as meaning that whether there is a link, within the meaning of Adidas-Salomon and Adidas Benelux, between the earlier mark with a reputation and the later mark must be assessed globally, taking into account all factors relevant to the circumstances of the case.

63 The fact that for the average consumer, who is reasonably well informed and reasonably observant and circumspect, the later mark calls the earlier mark with a reputation to mind is tantamount to the existence of such a link, within the meaning of Adidas-Salomon and Adidas Benelux, between the conflicting marks.

64 The fact that:

- the earlier mark has a huge reputation for certain specific types of goods or services, and I.A. NOS.12940/2009, 12941/2009 & 12942/2009 IN CS(OS) 1894/2009 Page 33<sup>1</sup>
- those goods or services and the goods or services for which the later mark is registered are dissimilar or dissimilar to a substantial degree, and
- the earlier mark is unique in respect of any goods or services, does not necessarily imply that there is a link, within the meaning of Adidas-Salomon and Adidas Benelux, between the conflicting marks....

44. It may be seen from the preceding discussion that dilution of trademark is a species of infringement. Though trademarks are concerned with protection of marks which have acquired a degree of distinctiveness, in relation to particular goods and services, courts have, over the years recognized that in relation to marks which have achieved notoriety as to have a reputation about the quality of products which the manufacturer, or services the originator (of the mark) is associated with, then, even in relation to dissimilar goods - or unrelated products, protection of such brand name, mark or acquired distinctiveness is essential. This measure of protection to marks in relation to similar junior marks, but for dissimilar goods is, in substance the protection against dilution (or Blurring or tarnishment) of the mark. Prior to the 1999 Act, Indian law had developed through case law; the new Act changed that, and has enjoined protection against dilution, if certain essential elements are established; they are:

(1) The impugned mark is identical or similar to the senior mark; (2) The senior or injured mark has a reputation in India;

(3) The use of the impugned mark is without due cause;

(4) The use of the impugned mark (amounts to) taking unfair advantage of, or is

detrimental to, the distinctive character or reputation of the registered trade mark.

Unlike in the case of infringement of trademark in relation to similar goods or services, in the case of dilution (infringement of mark by use in respect of dissimilar goods or services) there is no presumption of infringement of the mark. This means that each element has to be established.

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45. The plaintiff here relies on extensive materials in the form of brochures, sales figures, brand awareness and the niche segment its hotels occupy, due to the awards won by it, and so on. It has placed on record trademark and copyright registration certificates and copies of international trademark registrations in respect of the Namaste "WELCOMGROUP" logo. It has also filed menu cards used by its hotels during the period 1977-1981; booklets of the hotels, for the period 1994 and 2002, tariff cards, promotional, stationary materials and photographs in respect of the hotels. Print-outs of the website, [www.kitchensofindia.com](http://www.kitchensofindia.com), advertisement invoices from various agencies along with copies of advertisements to support its claim of extensive use of the mark in relation to hotels and by its "Kitchens of India" brand of products have all been filed. This is with a view to show its acquired reputation, and also that the hotels occupy a unique and exclusive position, having achieved excellence, and a reputation for quality services to its patrons and customers. To a certain extent, these materials are relevant in establishing prima facie that in the hospitality industry, in India, the ITC WELCOMEGROUP brand has acquired distinction. The question, however, is not whether that word-mark has been infringed. The issue which the court has to consider is whether the plaintiff's W-NAMASTE logo has been infringed by the defendant, thorough dilution.

46. The plaintiff's argument that the W-NAMASTE logo is ITC's house-mark, in the court's opinion, not on a sound footing. It was not disputed during the hearing that the ITC's triangular logo is used in its non-hospitality products and services. As far as the W-Namaste logo or mark is concerned, what is apparent from a visual or aural perspective, is that it is the stylized depiction of the Indian greeting "Namaste". There is perhaps, a natural association with the hospitality industry. Apart from the fact that the stylization is distinctive - and has been in apparent use for the last 34 years or so, is that the mark is part of a larger logo. Thus, the W-NAMASTE is part of the trademark or label, for which the plaintiff has secured registration. The mark includes words such as "ITC-WELCOM HOTEL NEW DELHI"; "ITC- HOTEL & WINDSOR TOWERS, BANGALORE"; "ITC I.A. NOS.12940/2009, 12941/2009 & 12942/2009 IN CS(OS) 1894/2009 Page 35 l HOTEL BANGALORE"; "WELCOMHOTEL VADODARA"; "ITC HOTEL GARDENIA GRAND BANGALORE"; "ITC CAMP BHARAT" and so on. Similarly, the copies of copyright registrations placed on the record reveal that the W-Namaste logo is a part of the overall mark, which invariably includes the "ITC" and "Welcom." words, with reference to the hotel, resort or restaurant concerned. The depiction of the W-Namaste is predominantly in conjunction with the other words, which too,

are part of the copyright claimed. Besides, the Namaste logo, although an important element, does not dominate the overall trademark or logo.

47. It would be, at this stage, relevant to recollect the two rival marks, which are in question. The defendant has been using a broad "M" Roof mark. That mark is depicted on the top portion of each cigarette carton; usually it is set in one or the other colour, such as red, blue, maroon, etc. The defendant's broad "Roof mark" is as follows:

The impugned mark is set in black background with the mark further depicted in yellow flames. The defendant's impugned mark, is somewhat as follows:

(presumably to denote the festive occasion of Diwali). The two marks - original mark used by the defendant, and the impugned mark, are shown in the box, at the right side. The plaintiff's logo is as follows:

The further details about the two rival marks is that the plaintiff's logo is almost always depicted with some words, usually "WELCOMGROUP". The defendant's impugned mark, is not a "stand alone" logo or mark; the words Marlboro are written with it.

48. It is an established principle, in India, that in any trademark infringement action, the question of similarity (of the rival marks) is to be addressed first. Here, the test - evolved over 40 years ago - of course in the context of similar goods and applied I.A. NOS.12940/2009, 12941/2009 & 12942/2009 IN CS(OS) 1894/2009 Page 36 is consistently by the court, was summarized by the following quote, (from an old English decision) by the Supreme Court, in *Amritdhara Pharmacy v. Satya Deo Gupta* AIR 1963 SC 449 onwards:

□ You must take the two words. You must judge them, both by their look and by their sound. You must consider the goods to which they are to be applied. You must consider the nature and kind of customer who would be likely to buy those goods. In fact you must consider all the surrounding circumstances; and you must further consider what is likely to happen if each of those trade-marks is used in a normal way as a trade mark for the goods of the respective owners of the marks. This court is of opinion that the test here (for dilution) is not exactly the same. For one, Parliament has consciously eschewed the "deceptively" similar standard - which is defined by Section 2, in relation to infringement claims under Section 29 (4). This would mean that the identity or similarity standard is a notch higher - the claimant has to prove or establish that the two marks are identical with or similar to each other. The question of deception does not arise here. There must be a near identification of the two marks or they must have the closest similarity. The second aspect is that the other elements necessary to establish dilution - dissimilarity of goods, the claimant mark having a reputation in India; the use of the mark without due cause, resulting in detriment to it, or the defendant taking undue advantage, have to be established. These ingredients are all to be established, as the conjunctive "and" is used, in Section 29

(4).

49. As commented earlier, the analogy of tests evolved in infringement actions where similar goods or services are in question appears to be inapposite, after the enactment of Section 29 (4). The plaintiff has to fulfill a more stringent test (than the deceptive similarity standard) of proving identity or similarity, where trademark dilution is complained. Applying the reasoning of the decisions cited previously, it is held that a "global" look, rather than a focus only on the common elements of the mark, is to be taken, while considering if the impugned or junior mark infringes, by dilution, an existing registered mark. As noted in the previous part of the judgment, the plaintiff's mark is not a "stand alone" mark; it is used with the words WELCOMGROUP, or the name of the I.A. NOS.12940/2009, 12941/2009 & 12942/2009 IN CS(OS) 1894/2009 Page 37 I resort or service. Moreover, the plaintiff's mark is part of the overall marks and devices which are used in relation to each hotel, restaurant, resort or service it offers, to the consumer. The defendants claim that the impugned mark is used only for a special festive pack, i.e. Diwali. The plaintiff's mark resembles a "W" but clearly a "Namaste" is discernable. All the defendant's previous marks resemble "M" (perhaps depicting MARLBORO). Considering the overall marks or logos, without cataloging minutely the similarities or dissimilarities, this court discerns no "identity" or "similarity" in the overall presentation of the two. This conclusion is further fortified for the reason that the plaintiff's mark, in relation to hospitality industry, is a stylized logo, which has to be juxtaposed with another mark, which, the materials on record prima facie suggest, has its own distinctive market. The case law in India, on dilution - mostly pertaining to the situation existing prior to Section 29 (4) has hinged round comparison of competing word marks, which have their peculiarities. In the case of logos and other marks, the application of the "identity" or "similarity" test has to result in a conclusion that the rival marks bear a very close resemblance, seen from an overall perspective. It is, therefore, concluded, that prima facie the two trademarks are neither identical, nor similar to each other. This prima facie conclusion would also govern the plaintiff's copyright claim, because the W-NAMASTE of the dissimilarity between that logo or mark and the tilting "flame" logo of the defendants. The latter mark is quite different, and has its own artistic elements.

50. The second question is, whether assuming the plaintiff has proved similarity, has it also established distinctiveness and reputation of the mark and the services associated with it, which, if used, the way the defendants are using it, would whittle down such distinctiveness or exclusivity. The materials on record show that the plaintiff's W- NAMASTE logo is connected mainly with hotels, resorts, restaurants and the hospitality sector generally. The plaintiff also uses it for the "kitchens of india" range of products marketed by it. The plaintiff's reputation in its mark contains an aura of luxury could possibly transcend the hospitality business, and may well evoke a broad association with I.A. NOS.12940/2009, 12941/2009 & 12942/2009 IN CS(OS) 1894/2009 Page 38 I luxury goods. However, though the "aura" of the W-NAMASTE mark may go beyond the niche hospitality services, and could extend to other luxury goods, there is nothing suggestive that such association extends to mid to high priced cigarettes. This aspect is crucial, because the plaintiff does not deny selling competing goods, i.e. cigarettes in different price ranges, some of which are priced competitively with the defendant's cigarettes. All materials suggest that the difference between the two products and service ranges - i.e. hospitality business of ITC, which alone apparently uses the W-NAMASTE

- and the defendant's cigarettes - are significant and fundamental. Besides the printouts, write up and other written materials, laudatory of the plaintiff's services, there is no evidence to show how the W-NAMASTE logo is likely to be affected prejudicially, or that the defendant's use of their mark would result in detriment to the plaintiff's mark. The defendant, on the other hand, has shown that its marks have always carried a distinctive M roof design; that design has now been modified, and also tilted, making the alphabet M prominent, which is depicted in flames, against a dark (black) background, with the words MARLBORO prominently accompanying it. The plaintiff has not shown that it uses the W-NAMASTE mark for its cigarette brands; anyway that is not such products primary or main logo. Importantly, the class of users of the plaintiff's hospitality services and the consumer of high and mid-end priced cigarettes are not the kind who would associate the defendant's mark (with MARLBORO depicted prominently) as those of the rival ITC. Taking into consideration all these factors, and the materials on record, the court is prima facie satisfied there is no linkage between the defendant's mark and the plaintiff's services, so as to cause detriment to the latter, and undue advantage to the former.

51. In view of the above prima facie findings recorded by the court, it is held that the plaintiff is not entitled to a temporary injunction, as sought. The application, I.A. Nos. 12940/2009 is, accordingly, dismissed. IA Nos. 12941/2009 (Under Section 151 CPC) and 12942/2009 are also disposed off. The plaintiff shall bear the costs of hearing of the application, quantified at Rs. 75,000/- to be paid to the defendants, within four weeks.

I.A. NOS.12940/2009, 12941/2009 & 12942/2009 IN CS(OS) 1894/2009 Page 39 l List on 3rd May, 2010.

The parties shall file their documents in the suit within six weeks.

January 7, 2010

S. RAVINDRA BHAT  
(JUDGE)

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