

IN THE HIGH COURT OF DELHI AT NEW DELHI

**CS (OS) 1295 of 2013 & IA Nos. 10425 of 2013, 12219
of 2013, 18988 of 2013**

Reserved on: January 8, 2014
Decision on: January 24, 2014

CADBURY UK LIMITED & ANR. Plaintiffs
Through: Mr. C.M. Lall, Ms. Ekta Sarin,
Ms. Jyotideep Kaur & Ms. Nancy
Roy, Advocates.

versus

LOTTE INDIA CORPORATION LTD. Defendant
Through: Mr. Amit Sibal, Mr. Sushant Singh,
Mr. Saurabh Gupta, Ms. Geetika
Kapur, Mr. P.C. Arya, Mr. Rupesh
Pandey & Mr. Anirban Sen,
Advocates.

CORAM: JUSTICE S. MURALIDHAR

JUDGMENT

24.01.2014

IA No. 10425 of 2013 & IA No. 12219 of 2013

1. IA No. 10425 of 2013 has been filed by Cadbury UK Limited (Plaintiff No.1) and Cadbury India Limited (Plaintiff No.2) under Order XXXIX Rules 1 and 2 CPC seeking to restrain the Defendant Lotte India Corporation Ltd. from manufacturing, selling, marketing, promoting or in any other manner whatsoever, or attempting to use or asserting any right to use or applying to register any of the marks Choclairs/ Parry's

Choclairs/ Lotte Choclairs / Choclairs/ Lotte Choclairs or any other mark similar to the trade mark Choclairs of the Plaintiffs.

2. IA No. 12219 of 2013 is by the Defendant under Order XXXIX Rule 4 CPC seeking vacation of the interim order passed by the Court in favour of the Plaintiffs on 8th July 2013.

The case of the Plaintiffs

3. The case of Plaintiff No.1, Cadbury U.K. Limited and Plaintiff No.2, Cadbury India Limited, is that they have been using the trade mark 'Cadbury' for the last 150 years. Some of its products are Choclairs/Cadbury Choclairs. The conception and adoption of the brand 'Choclairs' goes as far back as 1953 when the trade mark 'Choclairs' was coined and adopted by the predecessor-in-title of Plaintiff No.1. The details of the registration of the trade mark 'Choclairs' in favour of Plaintiff No.1 in U.K. have been set out in para 6.

4. It is stated that in 1996, Cadbury Schweppes Plc., the predecessor-in-title of Plaintiff No.1, acquired from George Weston the assets of Neilson Cadbury which was one of Canada's leading confectionery manufacturers comprising of portfolio of brands such as Choclairs, etc. It is stated that the Plaintiffs and their predecessor-in-title have secured and/or applied for registration of the trade mark 'Choclairs' in several countries throughout the world, including India. It is stated that the product under the brand 'Nielson Choclairs' was also heavily advertised in the 1990s and the brand 'Choclairs' has been used for chocolate candy sold in major markets such

as South Africa, Indonesia and Malaysia. The plaint sets out the images of different representations of the packaging for the product 'Choclairs' used by the Plaintiffs at different points of time in various countries. It is stated that the Plaintiffs have been extensively using the prior trade mark/brand 'Choclairs/Cadbury Choclairs' promoting, marketing and selling the products with several flavours and packaging formats. The sales and advertisement figures of Cadbury Choclairs in Indonesia, Malaysia and South Africa have been set out.

5. It is stated by the Plaintiffs that with a view to extending the well-known product 'Choclairs' to India, the product 'Eclairs/Cadbury Eclairs' has been rebranded in India and has been recently launched as Choclairs/Cadbury Choclairs in June 2013. The images of the packaging and the approximate figures of the volumes of sales of the said product in India for June and July 2013 have been set out in the plaint.

6. It is stated that in March/April 2012, a trade mark search was conducted with the Indian Trade Marks Registry. It was revealed that 'Parry' confectionery had applied for registration of the trade mark 'Choclairs' and the status of the same was reflected as 'removed'. Nevertheless, the Plaintiff conducted an internet search and found that there was no past or current use of the mark 'Choclairs' by Parry. In May 2012, the Plaintiffs instructed their attorneys to file a trade mark application for the trade mark 'Choclairs'. A routine check done in April 2013 showed that two new applications have been filed by the Defendant for the marks 'Lotte' on 30th

October 2012 and for 'Choclairs' on 1st April 2013 stating that they were 'proposed to be used'.

7. The Defendant filed Suit No. 372 of 2012 in the Madras High Court to restrain the Plaintiffs from launching its product under the brand Choclairs/Cadbury Choclairs. It is stated that no interim relief has been granted in favour of the Defendant in the said suit. In the said suit, the Defendant had relied upon a registration obtained by it for the mark 'Parry's Choclairs' label bearing No. 418978. It is stated by the Plaintiffs that despite conducting extensive search, there was no registration for the mark 'Parry's Choclairs' bearing No. 418978. The said registration was associated with several other registrations/applications, none of which pertained to the mark in question. It is stated that it has been admitted by the Defendant in the said suit that the Plaintiffs' trade mark 'Choclairs' is identical - visually, structurally and phonetically to the marks 'Choclairs/Parry's Choclairs/Lotte Choclairs' and that a deception is bound to be caused in the minds of the trading and consuming public as a result thereof. The Defendant has in the said suit claimed to have earned crores of rupees from the sales of 'Choclairs'. However, the Plaintiffs state that no evidence has been placed in that regard. No invoices have been filed to establish the sales of such products. Even the website of the Defendant does not find any mention of the product. In the circumstances, even the market survey conducted in June 2013 does not show that the products 'Choclairs/Parry's Choclairs/Lotte Choclairs' are found anywhere in Delhi, Mumbai or Chennai.

8. It is stated that, on the other hand, by virtue of its reputation and goodwill, the trade mark 'Choclairs' of the Plaintiffs enjoys the highest degree of statutory protection and any use of the mark 'Choclairs' by the Defendant is bound to cause confusion. It is stated that no use of the said marks by the Defendant has been found by the Plaintiffs till date. It is stated by the Plaintiffs that the Defendant carries on business in Delhi at the address mentioned in the cause title of the plaint and, therefore, under Section 20 of the Code of Civil Procedure, 1908, this Court has jurisdiction to try the suit.

9. By an order dated 8th July 2013 while directing issuance of summons in the suit, the Court passed an interim order in IA No. 10425 of 2013 in favour of the Plaintiffs in the manner noted in para 1 above.

The case of the Defendant

10. The Defendant filed its written statement on 7th September 2013. It filed a reply to the IA No. 10425 of 2013 on 21st August 2013. It filed IA No. 12219 of 2013 under Order XXXIX Rule 4 CPC on 2nd August 2013. The case of the Defendant is that the above suit has been filed by the Plaintiff as a counter blast to the Defendant's suit against the Plaintiffs which is pending in the High Court of Madras.

11. The Defendant submits that its trademark Lotte is internationally well-known in the field of toffees, chocolates and chewing gums and the trademark also forms a pre-dominant feature of the Defendant's corporate name and trading style. M/s. Lotte Confectionery Co. Ltd, South Korea is

part of the Lotte Group of Companies. It has over 500 products and presence in more than 70 countries. Its mainline products are candy, biscuits, chewing gum, chocolates, snacks, ice-cream and health care products which are marketed under established brand names including the flagship brand-name/house mark Lotte.

12. It is pointed that Parris Confectionery Ltd., (hereafter 'Parris') incorporated in 1954 in India, was the pioneer in manufacturing and marketing of sweets and confectionery under established brand names including Choclairs, Coffy Bite, Caramilk, Coconut Punch, Lacto King etc., either used per se and/or in conjunction with the common brand names Parris. Parris was a part of Murugappa Group and became a household name and is synonymous with sweets and confectionery. In May 2004, the Defendant acquired shares held by the erstwhile promoters of Parris and Parris became Lotte India Corporation Ltd., the Defendant. The Defendant submits that the ongoing business of Parris including trademarks, designs, manufacturing and marketing facilities vest in the Defendant as there is only a change of name from Parry Confectionery Ltd. to Lotte India Corporation Ltd.

13. The Defendant states that the trademark Choclairs was registered on 31st December 1976 under No.321722 in Class 30 in respect of 'confectionery (non medicated)' in the name of Parris and was renewed up to 31st December 2005. Thereafter, due to a procedural lapse, the registration was not renewed. A fresh application has been filed by the Defendant for registration of the trademark Choclairs and the application

is pending. It is claimed that the trademark Choclairs is a coined word invented by the Defendant. It is unique and distinctive and associated with the toffees manufactured and marketed by the Defendant. It is claimed that the Plaintiffs are recent entrants in the market having launched their toffees under an identical mark Choclairs in June 2013. On the other hand, the Defendant claims to have adopted Choclairs in 1976.

14. The Defendant submits that the Plaintiffs cannot seek the relief of restraining infringement since the Defendant is the registered proprietor of the trademark Parry's Choclairs under No. 418978 dated 12th March 1984 in Class 30 in respect of confectionery goods and the essential feature of the Defendant's mark is the word Choclairs. It is pointed out that that the Plaintiffs do not have any registration of the mark Choclairs in India and are not vested with the statutory right to restrain a third party from using the mark Choclairs and that too of a registered trademark. It is submitted that the relief for infringement is barred under Section 28(3) read with Section 30(2) (e) of the Trade Marks Act, 1999 ('TM Act').

15. The Defendant submits that the relief of passing off is also not maintainable against it since it has been using the mark Choclairs since 1976 and the same has come to be associated exclusively with the Defendant and no one else in India. The documents filed by the Plaintiffs show that the use, if any, by the Plaintiffs of the mark Choclairs is only from 2008, which is much later than its use by the Defendant in India. The registration purportedly obtained by the Plaintiffs for the mark Choclairs in USA has been removed from the Register because of non-use. The

documents do not show when Cadbury Choclairs was launched in countries other than India. The sales figures disclosed by the Plaintiffs for China and Malaysia are only from the year 2008 and for South Africa from 2004. The Plaintiffs have not filed any document to show any spill over of the Plaintiffs' reputation in the mark Choclairs in India. The Plaintiffs have never used the mark Choclairs prior to 1984 when the Defendant's mark Parry's Choclairs was registered in India. The Defendant states that it has rebranded its product as Lotte Choclairs in April 2013 and the mark has come to be associated only with the Defendant and no one else. The Plaintiffs have not adduced any evidence to substantiate their international use since 1953.

16. The Defendant submits that although the Plaintiffs lodged claims in India in 1994 and applied for registration of Choclairs, on coming to know of the Defendant's prior use of that mark since 1976, the Plaintiffs intentionally did not pursue the said application. It is submitted that there is also no document to prove the Plaintiffs' use of Choclairs or its having attained a reputation and more particularly a trans-border reputation in India. There is nothing to show that the Plaintiffs have advertised Choclairs in magazines as well as newspapers having international circulation including India. Merely filing downloads from websites did not prove use of a mark. Moreover, the websites relied upon by the Plaintiffs were of recent origin, much subsequent to the adoption and use of the mark Choclairs by the Defendant in India.

17. On the question of jurisdiction, it is submitted by the Defendant that

Plaintiff No.2 has its registered office at Mumbai and the Defendant also has its zonal office at Mumbai. The Plaintiffs could very well have filed the present suit at Mumbai or Chennai where the Defendant has its registered office and Plaintiff No.2 has its branch office. Further since the Defendant has already filed a suit against the Plaintiffs at Chennai, the Plaintiffs could have filed the present suit there. The Defendant has its registered office at Chennai. Consequently, it is submitted that the present suit has been filed only with an intention to harass the Defendant. It is submitted that the Defendant's suit CS (OS) No. 372 of 2013 in the Madras High Court against the Plaintiff was for infringement and passing off of the Defendant's registered trademark Parry's Choclairs. It is only after receiving notice in the said suit that the present suit has been filed by the Plaintiffs.

The Plaintiffs' replication

18. In the replication filed, the Plaintiffs first clarified that the suit was not one for infringement but for passing off. It is further submitted that registration is not a defence in a suit for passing off. In short, it is pointed out that registration for Parry's Choclairs (Label) in which both Parry's and Choclairs are represented in a stylized form, does not constitute a bar or even a defence to a suit for passing off of Choclairs /Lotte Choclairs. The Plaintiffs allege that the recordal of the Defendant's name in the Register of Trade Marks appears to have taken place on 23rd July 2013, after filing of the present suit. The Plaintiffs allege that the recordal has been completed by dubious means since no application has been uploaded on the computerised records of the Trade Marks Registry for recordal of

the subsequent proprietor and/or change of name of the registered proprietor. Yet the name of the Defendant appears to have been recorded, that too out of turn. Further, it is submitted that the marks associated with this registration continue to stand in the name of the previous proprietor, which is impermissible under the TM Act. Reference is made to the reply received in this regard by the Plaintiff from the Trade Marks Registry pursuant to an application under the Right to Information Act, 2005 ('RTI Act'). The reply has been received on 3rd December 2013 to the effect that "except in registered trade mark nos. 213053, 214882 and 315982 no request has been filed to bring on record Lotte India Corporation as the proprietor of marks in respect of" the other registered trademarks.

19. It is stated that UK registration for Choclairs in favour of Plaintiff No.1 has been renewed till 10th March 2022. It is stated that the details of the registration have been publically available since 1953. It is asserted that the Defendant is not a prior adopter, registrant or user of the mark Parry's Choclairs in India and that Plaintiff No.1 has already initiated process for removal of the Defendant's registration of Parry's Choclairs. The fact that in April 2013 it rebranded its product Lotte Choclairs was further evidence of the fact that the Defendant has abandoned Parry's Choclairs. As regards the plea for forum shopping, the Plaintiffs assert that this Court has a territorial jurisdiction to try the suit since even according to the Defendant Lotte Choclairs is sold all over India including Delhi and the Defendant carries on business at the Delhi address mentioned in the cause title.

20. This Court has heard the submissions of Mr. C.M. Lall, learned counsel appearing for the Plaintiffs and Mr. Amit Sibal and Mr. Sushant Singh, learned counsel appearing for the Defendant.

Suit for passing off

21. The Plaintiffs have clarified that the suit is for passing off and arguments have also been made on that basis by both parties. As regards the question of jurisdiction, it is not denied by the Defendant that it has an office in Delhi or that its products are available all over India. It was open to the Plaintiffs to have chosen to file the suit in Delhi. The mere filing of the present suit subsequent to the Defendant's suit against the Plaintiff in the Madras High Court does not impinge on its maintainability.

The mark in dispute

22. The mark in regard to which the present dispute arises is Choclairs. Although the Plaintiffs are not the registered proprietors of Choclairs in India, they have held the registration for the said mark in UK since 1953. On the other hand, the Defendant is also not a registered proprietor of the mark Choclairs per se. Its predecessor-in-interest, Parrys, was the registered proprietor of the mark Parry's Choclairs (Label) since 12th March 1984 and that mark has been renewed till date. The Defendant has, on its own admission, rebranded its product as Lotte Choclairs in India since April 2013.

23. The Plaintiffs do not deny that they have launched Cadbury's Choclairs in India only in June 2013 although they claim to have been

selling products under that mark worldwide much earlier. The central issue, therefore, boils down to this. Is the Defendant the prior user of the mark Choclairs in India, and do the Plaintiffs have a spill over reputation in India in respect of its products under the mark Choclairs?

24. At the very outset it must be pointed out that neither of the parties proposes to use the mark 'Choclairs' per se. For the Plaintiffs the mark would be 'Cadbury's Choclairs' and for the Defendant it is 'Lotte's Choclairs'. However, in both instances the predominant feature of the mark is the word 'Choclairs'. The wrappers of the products of the Plaintiffs and the Defendant show that stylistically there is some similarity in the writing of the word 'Choclairs'.

Law relating to passing off

25. The legal principles governing an action of passing off were explained lucidly in the opinion of Lord Diplock in *Erven Warnink v. J. Townend & Sons (Hull) Ltd. [1980] RPC 31*. It was pointed out that the decision in *A.G.Spalding & Bros. V. A.W. Gamage Ltd. (1915) 32 RPC 273* and the subsequent cases made it possible to identify characteristics that must be present in order to create a valid cause of action for passing off:

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

business or goodwill of the trader by whom the action is brought or (in a *qua timet* action) will probably do so.”

26. In *Star Industrial Co. Ltd. v. Yap Kwee Kor [1976] Fleet Street Patent Law Reports 256* the importance of showing damage to goodwill was explained as under:

“A passing off action is a remedy for the invasion of a right of property not in the mark, name or get-up improperly used, but in the business or goodwill likely to be injured by the misrepresentation made by passing off one person’s goods as the goods of another. Goodwill, as the subject of proprietary rights, is incapable of subsisting by itself. It has no independent existence apart from the business to which it is attached. It is local in character and divisible; if the business is carried on in several countries a separate goodwill attaches to it in each. So when the business is abandoned in one country in which it has acquired goodwill the goodwill in that country perishes with it although the business may continue to be carried on in other countries.”

27. In the **Modern Law of Trade Marks** (Third Edition) by Christopher Morcom, it has been explained that:

“14.32 The relevant date for testing whether a claimant has a protectable goodwill is the date on which the Defendant commenced its activities. The cause of action must also exist at the date of issue of the claim. Thus no claim or, at least, no forward looking claim could be issued if something has occurred to deprive the claimant of his goodwill at the date of issue.”

28. In **Kerly's Law of Trade Marks and Trade Names** (Fourteenth Edition) (South Asian Edition 2007), it is stated that:

“since an essential ingredient of passing off is damage (or prospective damage) to goodwill, he (the Plaintiff) must show that he had, at the date when the Defendants started up, in this country not merely a reputation but a goodwill capable of being damaged. Goodwill, however, is local; it is situated where the business is. Thus a foreign claimant may have a reputation in this country-from travellers or periodicals of international circulation or, increasingly, from exposure on the Internet-yet still fail in an action for passing off because he has here no business and so no goodwill. Such cases have been not uncommon in recent years, and have caused considerable difficulty. Where there is a substantial reputation here, our courts will often accept minimal evidence that a business exists here, but there has to be some”.

29. As regards the spill over of an international reputation and damage to it, it has further been explained as under:

“Some versions of this type of case present no real difficulty. The first is where the claimant has no significant reputation here; the name or mark was in origin his and he may hope to exploit it here someday, but it is not yet here associated in the public mind with any business or any goods. Clearly, his action must fail. This category overlaps the “merchandising” cases discussed below, where the Defendant adopts the name of (say) a film or television character before the promoter’s “merchandising” operations are under way. The second is where the claimant simply cannot show damage: it is

annoying to him to have his name or mark copied in a foreign country, but he has no business there and his profits are in no way diminished thereby. More difficult is the case where he has a substantial reputation, which he hopes or even positively intends to exploit by business activities here. The court will then no doubt accept very small indications that exploitation has actually started as justifying intervention. There remain, however, cases where there is a reputation, where there is damage-there may be customers here, even though no business is carried on here and no goods are sold nor services provided here-but the goodwill is situated elsewhere. As will be seen, this type of case is not new, but the problem has become more acute with the increase in international travel, the growth of multinational businesses and the increasing influence of the Internet”.

The decision in Whirlpool

30.1 The Division Bench (‘DB’) of the Delhi High Court in ***N.R.Dongre v. Whirlpool Corporation AIR 1995 Delhi 300*** (hereafter ‘the ***Whirlpool case***’) was one of the early cases addressing the issue of trans-border reputation. Since this case has been relied upon extensively by learned counsel for both parties, it is necessary to discuss its facts.

30.2 Whirlpool Corporation, USA (‘Whirlpool USA’) approached the Delhi High Court with a suit for permanent injunction as well as an application for interim injunction to restrain an Indian company from passing off their goods as that of the Plaintiffs by manufacturing, selling, advertising or in any way using the mark WHIRLPOOL or any other trademark deceptively or confusingly similar thereto. Whirlpool USA
CS(OS) No. 1295 of 2013

claimed that it had more than 2000 trademarks registered all over the world for its mark WHIRLPOOL. In India, its trademark was registered on 22nd February 1956 in respect of clothes dryers, washers, dishwashers, vacuum cleaners, air conditioners, dehumidifiers, freezers etc. in Classes 7, 9, and 11 and the registrations were renewed up to 1977. However, the registration lapsed due to lack of proper communication. Notwithstanding the lapsed registration, the trademark of Whirlpool USA was used in this country through sale of its washing machines to the U.S. Embassy and U.S. Aid offices in New Delhi and also through advertisements in various publications having a circulation in India. It is also stated that Whirlpool USA's products were reaching the Indian consumers in a second hand state or through indirect channels. Whirlpool USA claimed to have obtained a global reputation as it was rated as the 207th largest Corporation in the world in the issue of FORTUNE Global 500 of 25th July 1994.

30.3 The Defendant i.e. the Indian company on the other hand obtained registration for the mark WHIRLPOOL, despite opposition by Whirlpool USA, with effect from 6th August 1986. Advertisements for sale of washing machines under the trademark WHIRLPOOL started appearing in the Lucknow and Delhi newspapers in July 1994. It was accordingly contended that in India the Defendants were the prior user of the mark WHIRLPOOL in respect of washing machines and, therefore, the said mark was not being associated with the products of Whirlpool USA but with that of the Defendant.

30.4 One of the first questions posed was whether the trademark WHIRLPOOL in respect of washing machines had a trans-border reputation in India. The Single Judge was of the opinion that the answer to that question must be in the affirmative. The DB took note of the fact that when a product is launched and hits the market in one country, the cognizance of the same is also taken by the people in other countries simultaneously by getting acquainted with it through advertisements in newspapers, magazines, television, video films, cinema etc., even though there may not be availability of the product in those countries because of import restrictions or other factors. It noted that satellite communication has made possible the knowledge and awareness of the product to travel much beyond the country and that the advertisements in the media did amount to use of the trademark “whether or not the advertisement is coupled with the actual existence of the product in the market”.

30.5 The DB in the *Whirlpool case* concluded as under:

“(25) Thus a product and its trade name transcend the physical boundaries of a geographical region and acquire a trans border or overseas or extraterritorial reputation not only through import of goods but also by its advertisement. The knowledge and the awareness of the goods of a foreign trade and its trade mark can be available at a place where goods are not being marketed and consequently not being used. The manner in which or the source from which the knowledge has been acquired is immaterial”.

30.6. On the facts of that case it was observed by the DB that the trademark WHIRLPOOL of Whirlpool USA had acquired reputation and

goodwill as a result of extensive advertisements. It was further observed by the DB in para 33 as under:

“(33) The law of passing off as it has developed, permits an action against a registered proprietor of a trade mark for its mendacious use for inducing and misleading the consumers into thinking that his goods are the goods of or are connected with the goods of prior user of the trade mark. It seems to us that in so far as this Court is ‘concerned, this position cannot be disputed in view of the judgment of the Division Bench in *Century Traders v. Roshan Lal Duggar & Co.* 1978, Del 250 where, while construing sections 27(2) and 106 of the Act, it was held as follows:

“From a reading of the above sections it is clear that registration of mark in the trade mark registry would be irrelevant in an action for passing off. Thus, the law is pretty well settled it in order to succeed at this stage the appellant had to establish user of the aforesaid mark prior in point of time than the impugned user by the respondents. The registration of the said mark or similar mark prior in point of time to user by the appellant is irrelevant in an action for passing off and the mere presence of the mark in the register maintained by the trade mark registry did not prove its user by the persons in whose names the mark was registered and was irrelevant for the purposes of deciding the application for interim injunction unless evidence had been led or was available of user of the registered trade marks. In our opinion, these clear rules of law were not kept in view by the learned Single Judge and led him to, commit an error”.

30.7 The law relating to passing off was reiterated in the following passage:

“(41) The concept and principle on which passing off action is grounded is that a man is not to sell his own goods under the pretence that they are the goods of another man. A trader needs protection of his right of prior user of a trade mark as the benefit of the name and reputation earned by him cannot be taken advantage of by another trader by copying the mark and getting it registered before he could get the same registered in his favour. We see no reason why a registered owner of a trade mark should be allowed to deceive purchasers into the belief that they are getting the goods of another while they would be buying the goods of the former which they never intended to do. In an action for passing off it should not matter whether misrepresentation or deception has proceeded from a registered or an unregistered user of a trade mark. He cannot represent his own goods as the goods of somebody else”.

30.8 In conclusion it was observed:

“(43) Having regard to the above discussion, the following position emerges. The Courts do not approve of any attempt by one trader to appropriate the mark of another trader, even though that trader may be a foreign trader and mostly uses his mark in respect of the goods available abroad i.e. outside the country where the appropriation of the mark has taken place. As mentioned earlier awareness and knowledge of the mark in the latter country may be because of small trickle of goods in that country or through advertisement. The manner and method by which the knowledge of the mark is acquired by the public is of no consequence and will not matter”.

30.9 When the matter was taken up in appeal, the Supreme Court in *N. R. Dongre v. Whirlpool Corporation (16) PTC 583 (SC)* agreed with the High Court.

The decision in Milment Oftho

31.1 The other decision which is relevant in this context and which has been extensively relied upon by learned counsel on both sides is *Allergan Inc. v. Milment Oftho Industries 1999 PTC (19) (DB) 160* (hereafter ‘the *Milment Oftho case*’). The DB of the Calcutta High Court was dealing with a case where Allergan Inc., a company manufacturing pharmaceuticals products in several countries and not carrying on any business in India, sought to restrain the Defendant, an Indian company, from using the mark OCCUFLOX in respect of medicinal preparations, manufactured and marketed by it. The marks used by both parties were identical. It was not in dispute that the Plaintiff had chosen the name first and used it on its product in several countries, when the Defendants entered the market in India with their product.

31.2 Discussing the concept of reputation, it was observed by the DB that there were three distinct approaches adopted by Courts. Some Courts had held that reputation which is built up on the basis of the trade within the country is entitled to protection from passing off. The second approach by some other Courts made some concession to the communication explosion and held to the effect that “if the Plaintiff has a reputation in another country, his right to the mark will be protected if it is coupled with some

CS(OS) No. 1295 of 2013 *Page 20 of 28*

actual or proposed business activity within the country”. A third approach by certain other Courts was: “with the increase in international commerce, mass media communications and the frequency of the foreign travel, political and geographic boundaries do not stem the exchange of ideas and instant information. Local business is not an essential ingredient of a passing off action. However, the reputation must be well established or a known one.”

31.3 The DB in the *Milment Oftho case* observed that the second approach was reflective of goodwill being derived from reputation. The DB opined that:

“..reputation forming the basis of a passing off action need not be so localised. Whatever the compulsion for the Court taking the first or second view in other countries, as far as this country is concerned, Courts in India subscribe to the third view and have held that a Plaintiff with a reputation which is established internationally can sue to protect it in this country even if it does not have any business activity here. In other words reputation of a product may precede its introduction and may exist without trade in such product in the country”.

31.4 Since the Plaintiff was first in the field in several countries, it was held to have an edge over the Defendant and, therefore, injunction was granted. The matter was carried in appeal to the Supreme Court by the Plaintiff. In *Milment Oftho Industries v. Allergan Inc. (2004) 12 SCC 624*, the Supreme Court upheld the decision of the Calcutta High Court. After referring to the decision in *Cadila Health Care Ltd. v. Cadila Pharmaceuticals Ltd. 2001 PTC 300 (SC)*, the Supreme Court observed:

“It must also be remembered that nowadays goods are widely advertised in newspapers, periodicals, magazines and other media which is available in the country. This results in a product acquiring a worldwide reputation. Thus, if a mark in respect of a drug is associated with the Respondents worldwide it would lead to an anomalous situation if an identical mark in respect of a similar drug is allowed to be sold in India. However one note of caution must be expressed. Multinational corporations, who have no intention of coming to India or introducing their product in India should not be allowed to throttle an Indian Company by not permitting it to sell a product in India, if the Indian Company has genuinely adopted the mark and developed the product and is first in the market. Thus the ultimate test should be who is first in the market”.

31.5 It was further observed on the facts of the case as under:

“(9) In the present case, the marks are the same. They are in respect of pharmaceutical products. The mere fact that the Respondents have not been using the mark in India would be irrelevant if they were first in the world market. The Division bench had relied upon material which prima facie shows that the Respondents product was advertised before the Appellants entered the field. On the basis of that material the Division Bench has concluded that the Respondents were first to adopt the mark. If that be so then no fault can be found with the conclusion drawn by the Division Bench.”

32. In *Muzz Buzz Franchising Pty. Ltd. v. JB Holdings Limited* [2013] NZHC 1599 it was observed that in the internationalisation of trade there

could be a possible confusion of names as more situations arose in which local traders might bona fide adopt business names similar to the names legitimately used elsewhere. One exception to the said proposition was the dishonest adoption of a name or a mark that was deceptive. The other exception was where someone was setting up a business for the first time with a mark deceptively similar to one already in use and having a truly distinctive reputation in the same market.

Legal principles summarised

33. The position, therefore, that emerges from the above case law is:

- (a) The concept of goodwill is derived from reputation but the reputation need not be necessarily a local reputation. It can even be a spill over in India of the international reputation enjoyed by the Plaintiff's mark.
- (b) It is not necessary for the Plaintiff to actually show the presence of or sale of its products in India as long as it is able to establish that it enjoys a spill over reputation in India. In other words, the reputation of a product may precede its introduction and may exist without trade of the product in the country.
- (c) The proof of reputation can be in the form of advertisements in the media and general awareness which in the modern day context would include advertisements or display on the internet and social media. The reputation must be shown to exist at the time the Defendant enters the market.
- (d) A mechanical incantation of reputation is not sufficient. There must be some material that the product is known to the Indian consumer. The material will be scrutinised by the Court from many relevant perspectives,

including the class of consumers likely to buy the product (See the decision dated 15th March 2010 of this Court in CS (OS) 626 of 2006 ***Roca Sanitario S.A. v. Naresh Kumar Gupta***).

(e) Although in the internationalisation of trade there could be a possible confusion with the domestic trader *bona fide* adopting business names similar to names legitimately used elsewhere, a dishonest adoption or use of a mark similar to one having a reputation in the market, with a view to causing deception or confusion in the mind of the average consumer, may invite an injunction.

Decision in the present case

34. The documents placed on record by the Plaintiffs show that the predecessor of the Plaintiffs had registered the mark Choclairs in UK in 1953. Another predecessor in interest had begun using Choclairs in Canada in the early 1990s. On the other hand, the materials placed on record by the Defendant do not show continued use by its predecessor of the mark Parry's Choclairs. The registration of Parry's Choclairs (label) on 31st March 1998, with effect from 12th March 1984, cannot *per se* be said to demonstrate use of the said mark from those dates. Even assuming that the mark Parry's Choclairs stood transferred to the Defendant, a fact which was seriously disputed by the Plaintiff and on which no final view needs to be expressed at this stage, the Defendant admittedly rebranded the product as Lotte Choclairs.

35. The Defendant has relied upon certain batch orders placed by its predecessor on JJ Confectionery for the manufacture of Parry's Choclairs and later Lotte Choclairs for the years 2002 to 2005. What is significant

is that after 2005, and particularly after it took over from Parrys, there is nothing to show that the Defendant actually manufactured and marketed Lotte Choclairs till April 2013. The Defendant's stockists wrote to it in early 2013 stating that the Plaintiffs were planning to launch Cadbury's Choclairs and it is only thereafter that the Defendant planned to rebrand and re-launch Lotte Choclairs. In the circumstances, there is merit in the contention of learned counsel for the Plaintiffs regarding the lack of honesty in the manner in which the Defendant has chosen to enter the market with Lotte Choclairs in April 2013 on coming to know of the imminent launch of the Plaintiffs' product Cadbury's Choclairs.

36. The Plaintiffs have been able to *prima facie* show that their products have been available in the international market since long. There are sales figures for South Africa since 2004, China and Indonesia. The web pages showing the presence of Cadbury's Choclairs, although uploaded from Malaysia, have been shown to be accessible in India. For the purpose of establishing reputation, the fact that such web pages displaying the product can be viewed in India is sufficient to show that buyers of chocolate in India or Indians travelling abroad are aware of it and are likely to associate the product under the mark Choclairs with the Plaintiffs.

37. The material placed on record by the Plaintiffs *prima facie* shows that the Plaintiff had a spill over in India of its international reputation in Cadbury's Choclairs. The materials are a combination of the presence on the net, the possibility of availability of Cadbury's Choclairs in duty free

shops in international airports, frequency of travel and the growth of international tourism. Also, the class of consumers of chocolates in general and Choclairs in particular is wide ranging. It is not confined to any particular age group.

38. On the question of reputation, Mr. Sibal sought to distinguish the judgment in *N.R.Dongre* on the ground that while Cadbury's Choclairs may have a reputation, the mark Choclairs per se does not enjoy a reputation in India. This submission does not account for the fact that neither party intends using Choclairs per se, at least for the present. Both have pre-fixed that word with their respective trade names. In case of the Plaintiffs, it is Cadbury's Choclairs and in the case of the Defendant it is Lotte Choclairs. The additional factor is that the word 'Choclairs' is styled by the Defendant in a manner that closely resembles the style adopted for the depiction of that word by the Plaintiffs thus adding to the deception in the mind of the average consumer if both sets of Choclairs chocolates are permitted to be marketed.

39. The Defendant has not placed on record documents to show the use by the Defendant's predecessor of the mark Choclairs in India earlier than 2002. In this connection, it must be noted that the mention of the mark as part of the marks Parrys in its Annual Reports, in the absence of sales figures of products sold under that mark, cannot constitute evidence of 'use' of the mark. The Defendant then refers to the averments in the suit filed by it in the Madras High Court against the Plaintiffs in 2009 in the context of another mark Caramilk, to the effect that the marks owned by

the Defendant included Choclairs. It is contended that the Plaintiffs were, therefore, aware of the presence and use of the Defendant's mark Choclairs since 2009. Further, it is contended that since the Plaintiffs did not contest the said averment in their written statement in the said suit, they must be held to have acquiesced in the use by the Defendant of the mark Choclairs.

40. The question here is not really of acquiescence but showing as a matter of fact that the Plaintiffs' mark enjoyed an international reputation which had spilt over to India and particularly at the time the Defendant entered the market with their Choclairs product. The mere fact that the Plaintiffs may not have chosen to contest the fact that the Defendant's marks included Choclairs, does not negate the Plaintiffs' spill over reputation.

41. The Plaintiffs have *prima facie* been able to show that their products and marks had a substantial spill over reputation in India prior to the date the Defendant re-commenced using the mark in India. The Plaintiffs have, therefore, been able to make out a *prima facie* case for making absolute the interim injunction granted in their favour.

42. On the question of balance of convenience, it is seen that there has been an interim injunction in favour of the Plaintiffs since July 2013. The Defendant's presence with its Lotte Choclairs has, if at all, been shown only for a period of two months from April 2013, and that too essentially in Tamil Nadu and not all over India. The balance of convenience in

making absolute the interim injunction is in favour of the Plaintiffs. Also, the Plaintiffs can be required to disclose the sales figures of its Choclairs products periodically to the Court in the form of an affidavit. Therefore, it cannot be said that irreparable hardship would be caused to the Defendant if the interim injunction is continued.

43. For all of the aforementioned reasons, this Court makes absolute the interim injunction granted by it on 8th July 2013 during the pendency of the suit, subject to the condition that the Plaintiffs shall file an affidavit every three months in Court in the suit, with an advance copy to the Defendant, disclosing the sales figures of their Choclairs products. IA No. 10425 of 2013 is accordingly disposed of. IA No. 12219 of 2013 by the Defendant is dismissed.

JANUARY 24, 2014
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S. MURALIDHAR, J.