

I.A. Nos. 5832/2007 & 3902/2010 in CS(OS) 898/2007

SHELL BRANDS INTERNATIONAL AG & ANR. Plaintiffs
Through : Sh. Sushant Singh, Sh. P.C. Arya, Sh. C.S.
Patney, Sh. Gautam Panjwani, Advocates.

Versus

GAGAN CHANANA & OTHERS Defendants
Through : Sh. Sagar Chandra and Ms. Ishaani Chandra,
Advocates.

CORAM:
MR. JUSTICE S. RAVINDRA BHAT

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

MR. JUSTICE S.RAVINDRA BHAT, J

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I.A. Nos.5832/2007 (Under Order 39 Rule 1 & 2) & 3902/2010 (Under Section 124 of the Trademarks Act)

1. The present order will dispose of two applications – one by the plaintiffs seeking temporary injunction and the second by the defendant under Section 124 of the Trademarks Act, 1999, for stay of the proceedings.

2. Briefly the facts are that the plaintiffs claim to be owners of the “SHELL” brand and several trademarks in conjunction with. It is pointed that the plaintiffs’ group is engaged in wide-ranging business activities and best known for its retail service stations, oil and gas production and exploration on land and at seas. It is also claimed that approximately 3% of the world’s oil and about 3.5% of the world’s gas is produced by

the “SHELL” group and that its quarterly unaudited financial result for 2006 was US\$ 318845 million. The plaintiffs trace their presence in India to 1928 and have listed various concerns using “SHELL” trademark, in para 6 of the suit. The suit, describes SHELL’s trademark registrations, in para 8, these include the “SHELL” device, as well as other marks such as “SHELL SOLAR”; “SHELL CONSEP”; “SHELL HI-FI” etc. The plaintiffs have described the registration of such five marks in Class-9 since 1972.

3. Further to its claim of distinctiveness, the suit alleges that in a study about brand awareness, 54% of the general public stated that they knew “SHELL” brand very well. It is also stated that the plaintiffs have zealously guarded their intellectual property rights and enforced trademark claims in respect of those seeking to pass-off their products with identical or similar marks and have described other suits and actions in para 18 of the plaint.

4. It is alleged that the defendant is engaged in marketing auto cables and machinery under the style “M/s. Honesty Machinery Store”. The plaintiffs submit becoming aware in February 2002 that the defendant had applied for the registration of “SHELL” mark, which was opposed by them. The plaintiffs also mention to issuing a legal notice to the defendant in April 2002, to which there was no response. The plaintiffs contend that they did not pursue the opposition to the defendant’s application for registration and became aware in 2007 while conducting raids in Kashmere Gate Market that the present defendant was in fact marketing goods under the “SHELL” brand. It is alleged that an *ad interim* order is absolutely necessary because the defendant is seeking to appropriate the plaintiffs’ well-known mark and sell goods which may not be of the requisite standard and quality and would naturally result in injurious association. It is also alleged that besides, the defendant cannot be permitted to dilute the well-known and distinctive quality of the plaintiffs’ mark under the pretext of marketing dissimilar goods. The plaintiffs contend on an application of the principles by the Supreme Court in *Kaviraj Pandit Durga Dutt Sharma v. Navaratna Pharmaceutical Laboratories*, (PTC) (Supp) 2680 and *Cadila Healthcare Limited v. Cadila Pharmaceuticals Limited*, 2001 PTC 300 (SC), this Court should balance the equities and confirm the interim order made on

18.05.2007, restraining the defendant from using or continuing to use the “SHELL” brand marketed by it (the plaintiffs) or any other mark deceptively similar to it.

5. The defendant argued in his written statement that the plaintiffs have concealed material facts, as they are registered owners of the “SHELL” wordmark. The defendant contends that the plaintiffs had initially based their (the defendant’s) application for registration but the opposition was abandoned in March 2004 when the Registrar fined them. It is also argued that the suit does not disclose any triable cause of action.

6. The defendant submits that the plaintiffs have suppressed about the fact that they (the plaintiffs) have sought rectification of the registered mark “SHELL” in the (defendant’s) name with effect from 18.03.1996 in Class-9 by an application under Sections 47 to 57 of the Act dated 27.04.2007. The defendant charges plaintiff with deliberate concealment of these material facts which would disentitle them to the equitable order of injunction.

7. It is submitted that the word “SHELL”, as is used by the plaintiffs is in conjunction with a distinctive seashell device and invariably has strong and limited association with petroleum products. To such extent alone, according to the defendant, can the plaintiff claim exclusivity in relation to “SHELL”. It is argued that the word “SHELL” is a common dictionary one capable of many meanings and the defendant has been using it continuously since 1996. In these circumstances, the characterization of the present suit as one for infringement, says the defendant, is misleading and contrary to Sections 30 of the Trademarks Act.

8. It is further submitted that once the plaintiffs have applied to the Trademark Registrar for rectification of his (the defendant’s) mark, the Court should, as a matter of course, stay the suit under Section 124.

9. It is evident that the plaintiffs’ claim is in respect of their mark “SHELL”. The materials on record are such that there can be no dispute about the distinctiveness acquired by the plaintiffs in relation to the “SHELL” brand generally and more importantly, to the wordmark “SHELL” used along with device, in respect of petroleum

and allied products and services. The materials also suggest that the plaintiffs' sales have been progressively increasing and that it spends enormous amounts of money for advertising and publicity and also production of their brands. To that extent, *prima facie* strength of the plaintiffs' case as trademark owner cannot be disputed. What, however, this Court has to consider here is whether the plaintiffs' claim for interim injunction can be sustained. The materials on record disclose – which the plaintiffs nowhere dispute (and in fact clearly avers in the suit) – that the defendant had applied for trademark registration far back, which was opposed by the plaintiffs. The plaintiffs even mention that the opposition was abandoned. Strangely they did not aver why such abandonment took place. The defendant urges that the plaintiffs' opposition to its application was in fact treated as closed in March 2004 and produces an order of the Registrar. That too is a matter of record. In the defendant's written statement, it is clearly mentioned that the application for trademark registration was accepted and its "SHELL" mark was registered as no. 702055 with effect from 18.03.1996, on 05.05.2005. The plaintiffs have not filed any replication in this case and, therefore, do not dispute this aspect. The record also bears (Annexure-A; I.A. No. 3902/2010) that the plaintiffs had in fact applied for rectification under Sections 47/57 of the Act, on 27.04.2007. These facts have been studiously withheld from this Court at the stage when the suit was filed, on 16.07.2007. The charge of suppression of material facts, in the opinion of this Court, becomes very relevant.

10. There are no averments in the suit indicating that the defendant is also holder of a registered trademark with effect from 1996 – a fact which was clearly known to the plaintiffs when the present suit was instituted. The entire tenor of the suit is that the defendant's activities became known to it in 2007 and that the plaintiffs were entitled to enforce their statutory rights, as is evident from the following averments:

"It is humbly submitted that the plaintiffs shall suffer incalculable harm and injury to their goodwill and reputation if the defendant is allowed to carry-on its business activities under the "SHELL" mark in disregard to the statutory and common law rights of the plaintiffs."

11. The plaintiffs cannot, in this Court's opinion, take shelter from the fact that there is no explicit mention of infringement. Under the circumstances, such as the present one, when both the plaintiffs and the defendant are clearly owners of registered trademarks, it would be obvious that the action for an aggrieved party would be only a claim for passing-off, under common law. Yet, the aggrieved party, under such circumstances, is under a duty to inform the Court that the defendant is owner of the rival mark, is also registered proprietor, like itself. The plaintiffs have listed-out all its registrations but deliberately withheld any mention about the defendant's application which was accepted in 2005 and made effective from 1996 and most importantly, suppressed the fact of their having approached the concerned authorities for rectification. Under the conspectus of these facts and attended circumstances, the charge of suppressing reliefs and material facts and persuading the Court by such devices to obtain an *ex-parte* order, made by the defendant, is well-founded.

12. Although a discussion on the other aspects may be unnecessary, it would be yet essential for the Court to reiterate that the present suit has thrown-up elements where the owner of a host of registered trademarks, which includes a wordmark, claims that use of the said word by another in relation to concededly disparate goods would tarnish or tend to tarnish or dilute this distinctiveness. While this claim to dilution is now statutorily recognized by Section 29(4), yet in view of the parliamentary interdict, the standards applicable for such claims is different from standards applicable in relation to trademark infringement in respect of similar goods. The Courts therefore have to adopt a different approach. Whilst a complaint for trademark infringement in relation to similar goods raises a presumption of infringement, no such presumption arises in the case of trademark dilution. Furthermore, the trademark owner complaining dilution has to establish two important elements besides other aspects, i.e. that the use by the rival mark would lower its (the plaintiffs') reputation and the rival (the defendant's) use is not bonafide. It is not sufficient that a plaintiff merely alleges that the defendant is trying to cash in on its reputation – the degree of harm suffered or likely to be harmed has to be *prima facie* established. More crucially, an important allegation of lack of bonafides is, in the opinion

of the Court, insufficient because this aspect has been specifically engraved in the statute, unlike in the case of Sections 29(1) and 29(2).

13. Here, the two marks involve the word “SHELL”. That the word or term is common and susceptible of several meanings is testified by almost all the dictionaries in the English language. Depending on the context and the usage, the word “SHELL” may connote “a covered casing”; figuratively “withdrawal into oneself” and myriad other meanings. The defendant’s use as a mark is only of the word with no other embellishment or device. It is a matter of record that the defendant does not use the “SHELL” mark in relation to petroleum or oil products or any other goods, with which the plaintiffs are associated. The plaintiffs do not also produce automotive parts or market them. The plaintiffs have not urged or pressed on the record that the channels of trade in respect of the two goods are common in the sense that their products as well as those of the defendant’s have either infringed or passed-off their goods as those of itself. One last aspect which the Court would emphasize here is that even if the suit were to be treated one only for passing-off, the materials on record clearly demonstrate the plaintiffs’ awareness of the defendant’s business activities since 2002; their abandonment of the opposition to the defendant’s application in 2004, which, in turn, points to delay in approaching the Court and in the meanwhile the defendant to carry-on with their activities. The plaintiffs’ claim for temporary injunction, thus has to fail.

14. So far as the defendant’s application is concerned, Section 124(1)(b), no doubt, refers to a factual situation where the defendant raises the plea of being owner of a similar mark and, therefore, entitled to claim protection of Section 30. In such event, of course, the suit would have to be stayed. In the present case, the plaintiffs have framed the suit in such a manner as to encompass the claim for infringement as well as passing-off; undoubtedly, however, the heading of the suit is a claim for passing-off. During the course of submissions, the plaintiffs urged that the suit is meant for asserting common law rights. In these circumstances, the mischief of Section 124, in this Court’s opinion, would not be attracted.

15. For the above reasons, this Court is of the opinion that both the applications have to fail. I.A. Nos. 5832/2007 and 3902/2010 are accordingly dismissed. The *ex-parte* injunction subsisting all this while is hereby vacated.

CS(OS) 898/2007

List on 28th September, 2010 before the Joint Registrar and before Court 9th March, 2011.

**S. RAVINDRA BHAT
(JUDGE)**

**AUGUST 02, 2010
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