

IN THE HIGH COURT OF DELHI AT NEW DELHI

% Judgment delivered on: 27.10.2022

+ **LPA 388/2022 and CM Nos. 28178/2022 & 28183/2022**

**MR SANJAY CHADHA TRADING AS M/S
EVEREADY TOOLS EMPORIUM** Appellant

versus

UNION OF INDIA & ORS. Respondents

Advocates who appeared in this case:

For the Appellant : Mr Adarsh Ramanujan, Mr Lzafeer Ahmad
BF and Ms Skanda Shekhar, Advocates.
For the Respondents : Mr Harish Vaidyanathan Shankar, CGSC
with Mr. Srish Kumar Mishra, Mr. Sagar
Mehlawat & Mr. Alexander Mathai
Paikaday, Advocates for UOI.
Ms Nidhi Raman, CGSC with Mr Zubin
Singh and Ms Devika Bajaj, Advocates for
R-1 and R-5.
Mr Ajay Sahni, Mr Shrey Gupta, Mr
Aashish Arora, Mr Ankur Sangal, Ms
Sucheta Roy and Ms Trisha Nag,
Advocates for R-3.

**CORAM:
HON'BLE MR. JUSTICE VIBHU BAKHRU
HON'BLE MR. JUSTICE AMIT MAHAJAN**

JUDGMENT

VIBHU BAKHRU, J

INTRODUCTION

1. The appellant – who carries on business as a sole proprietor under the name M/s Eveready Tools Emporium – has filed the present intra-

court appeal, *inter alia*, impugning a judgement dated 17.02.2022 (hereafter ‘**the impugned judgement**’) passed by the learned Single Judge, whereby the appellant’s petition [being W.P.(C)-IPD No. 12/2021 captioned *Mr. Sanjay Chadha Trading as Eveready Tools Emporium & Anr. v. Union of India & Ors.*], was rejected.

2. The appellant had preferred the aforesaid petition under Articles 226 and 227 of the Constitution of India impugning an order passed by the Intellectual Property Appellate Board (hereafter ‘**IPAB**’) on 22.09.2020 (hereafter ‘**the IPAB order**’), whereby the IPAB ordered that the appellant’s trademark registrations being the word mark “EVEREADY” (Trademark Registration no. 439233) and the device

mark “” (Trademark Registration no. 539621) be removed from the Register of Trademarks.

3. The IPAB order was passed pursuant to the rectification/cancellation petitions bearing nos. ORA/97/2009/TM/DEL and ORA/98/2009/TM/DEL, filed by respondent no.3 - Eveready Industries India Limited.

4. The appellant has confined the present appeal to impugn the cancellation of the word mark “EVEREADY” (Registration no. 439233), under Class 8; and, he accepts cancellation of the device mark

“” (Trademark Registration. no. 539621)

FACTUAL CONTEXT

5. The appellant states that he is engaged in the business of manufacturing and marketing of hand tools, sold under the trademark “EVEREADY” since the year 1985.

6. The appellant claims that in the year 1978, his mother (respondent no. 4, hereafter referred to as ‘**the Predecessor**’) commenced business as a sole proprietor, under the name ‘Everest Tools Industries’.

7. On 19.06.1985, the Predecessor applied for registration of the mark “EVEREADY” under Class 8 by a Trademark Application bearing no. 439233, in relation to screwdrivers and cutting pliers being hand tools. The registration, as sought for by the Predecessor, was granted. Subsequently, on 08.11.1990, the Predecessor applied for registration of the device mark “” under Class 8 by a Trademark Application bearing no. 539621, in relation to hand tools. This too was granted.

8. Respondent no.3 states that it was incorporated on 20.06.1934 and is engaged in the business of manufacturing and trading in, *inter alia*, dry cell batteries, rechargeable batteries, flashlights, general lighting products and small home appliances. It claims that it is one of the most reputed FMCG companies and one of the pioneers to manufacture dry cell batteries and flashlights in India.

9. Respondent no. 3 states that on 28.10.1942, it applied for registration of the mark “EVEREADY” under Classes 9 and 11. It

claims that its trademark “EVEREADY” has gained significant reputation and goodwill amongst the general public and is now a well-known trademark under Section 2(1)(zg) of the Trade Marks Act, 1999 (hereafter ‘**the Trade Marks Act**’). Additionally, the trademark “EVEREADY” also forms a prominent part of its corporate name.

10. It is stated that sometime in the year 1994, respondent no.3 (then known as Union Carbide India Limited) applied for registration of the trademark “EVEREADY” under Class 8 by a Trademark Application bearing no. 641191. The Trademark Registry issued Examination Report no. 31312 dated 11.11.1999 citing registration of similar marks in favour of the Predecessor: Trademark Registration no. 439233 (under Class 8 in respect of screwdrivers and cutting pliers) and Trademark Registration no. 539621 (in respect of hand tools).

11. In response to the said report, by a letter dated 25.03.2000 sent by its attorney, respondent no.3 amended its application to exclude screw drivers and cutting pliers. Respondent no. 3 further states that in the month of September, 2008, it was apprised of the trademark adopted by the Predecessor.

12. Thereafter, by an Assignment Deed dated 06.01.2009 (hereafter ‘**the Assignment Deed**’), the Predecessor transferred the rights in the said trademarks registered in her favour and assigned them to the appellant.

13. On 06.04.2009, respondent no.3 filed cancellation petitions against the trademarks adopted by the appellant (bearing nos.

ORA/97/2009/TM/DEL and ORA/98/2009/TM/DEL), before the learned IPAB.

14. Respondent no.3 also filed a suit before this Court [being CS(OS) No.14222 of 2009], *inter alia*, alleging infringement and passing off. By an order dated 22.12.2010, the appellant was interdicted from using the work mark “EVEREADY” for all goods except in respect of screw drivers and cutting pliers. Further, this Court directed that if the aforementioned cancellation petitions were allowed, the appellant would cease the use of the word mark “EVEREADY” in respect of screw drivers and cutting pliers as well.

THE IPAB ORDER

15. On 22.09.2020, the learned IPAB allowed the cancellation petitions filed by respondent no.3 and directed for the trademarks of the appellant to be removed from the Register of Trademarks.

16. The learned IPAB found that the trademark in question (EVEREADY) is a well-known mark within the meaning of Section 2(1)(zg) of the Trade Marks Act. The learned IPAB noted that the trademark (EVEREADY) was a distinctive mark. It was registered in the year 1942 and is recognised all over India and abroad. The learned IPAB also took note of the fact that the said mark has been protected under various orders passed by the courts from time to time. In addition, the learned IPAB noted that respondent no.3 had a sales turnover of ₹229.70 crores in the year 1990-91 and had also spent approximately ₹3 crores on promotional expenses in the said year.

17. The learned IPAB referred to the decisions in *Chwan Swee Bee v. National Carbon Company: (1930) SCC OnLine Rang 122*; *National Carbon Co. (India) Ltd v. Rajkumar & Anr: (1953) SCC OnLine All 188*; and *Chhabildas Tribhuvandas Shah & Ors. v. Commissioner of Income Tax, West Bengal: (1966) 59 ITR 733*, and observed that the said decisions evidenced that the applicant and its predecessors were vigilant in protecting the trademark.

18. The learned IPAB referred to Section 11(2)(b) of the Trade Marks Act, which posits that “*a trademark, which is to be registered for goods or services which are not similar to those for which the earlier trade mark is registered in the name of a different proprietor, shall not be registered, if or to the extent, the earlier trade mark is a well-known trade mark in India and the use of the later mark without due cause would take unfair advantage of or be detrimental to the distinctive character or repute of the earlier trade mark.*”

19. After evaluating the given facts, the learned IPAB concluded that respondent no.3’s mark is a well-known mark and all conditions of Sections 2(1)(zg) and 11(1)(6) the Trade Marks Act stood satisfied.

20. The learned IPAB also found that the adoption of the mark “EVEREADY” by the appellant/Predecessor was not honest and the said mark was adopted with the intention to take an unfair advantage of the goodwill and reputation of respondent no.3. The learned IPAB also faulted the Assignment Deed and held that it is a defective document and contrary to law. The learned IPAB reasoned that assignment with

retrospective effect from 01.04.2005 was irreconcilable with the Notice of Opposition dated 28.03.2008, which had been filed in response to respondent no.3's application for registration of the trademark under Class 8. The learned IPAB inferred that the trademark was not in continuous use by either the appellant or the Predecessor from the figures of the annual sales turnover furnished by the appellant for various periods.

21. The learned IPAB also found that registration of the trademark, in favour of the Predecessor, had elapsed in the year 2006 as it was not renewed.

22. The learned IPAB rejected the appellant's contention that respondent no.3 had acquiesced in use of the trademark by the appellant and therefore, the appellant was entitled to the benefit under Section 33 of the Trade Marks Act. It referred to the order dated 31.10.2019, passed by this Court in ***GSK Consumer Healthcare S.A. v. EG Pharmaceuticals and Ors.: IA No. 6749/2019*** in ***CS (COMM) No. 238/2019*** and held that the defence of acquiescence under Section 33(1) of the Trade Marks Act was not available against the proprietor of a registered trademark. The learned IPAB did not accept that there was any acquiescence on the part of respondent no.3 as acquiescence could not be inferred by any passive inaction; it was necessary to establish that respondent no.3 had, by some positive act or expressed assent, encouraged the appellant to use the said trademark.

23. The learned IPAB found that, in the given facts, there was no acquiescence on the part of respondent no.3 to the appellant's use of the trademark in question. It also observed that the defence of acquiescence would not be available to a user, who had adopted the trademark dishonestly and with the *mala fide* intention to take an unfair advantage of a registered trademark.

THE IMPUGNED JUDGMENT

24. The learned Single Judge had concurred with the decision of the learned IPAB and had found no ground to interfere with the same.

SUBMISSIONS

25. Mr Ramanujan, learned counsel appearing for the appellant, has assailed the impugned judgment as well as the learned IPAB's order on several grounds.

26. First, he contended that the observations made in the impugned judgment that the appellant's right in the registered trademark was abandoned in the year 2005, on account of non-use during the year 2000-2005 is, *ex facie*, erroneous because there was evidence of use in the year 2005 and the necessary conditions, as stipulated under Section 47 of the Trade Marks Act, were not fulfilled. He submitted that the learned IPAB had failed to appreciate that the appellant had recommenced using the mark from the year 2005. Respondent no.3 had filed a suit in the year 2009, which also established that the appellant was using the trademark in question in the year 2009. He also referred to the decision of the Supreme Court in *Hardie Trading Ltd. & Anr. v.*

Addisons Paint & Chemicals Ltd.: (2003) 11 SCC 92 and contended that for concluding that there is abandonment of a trademark, it would be necessary to find that the appellant had the intent to do so. He submitted that in the present case, non-use was on account of shifting of manufacturing facilities from non-conforming areas in Delhi, pursuant to the orders passed by the Supreme Court. Thus, there was no intention to abandon the trademark in question at any point of time.

27. Second, he submitted that the learned IPAB and the learned Single Judge had erred in finding that the appellant's trademark had expired in the year 2006 on account of non-renewal. He submitted that the application for restoration of the trademark had been filed on the ground that the statutory notice, as required under Section 25(3) of the Trade Marks Act, had not been received. The said contention was accepted and the trademark had been renewed by the competent authority in the year 2018; therefore, the finding that the registration had elapsed is, *ex facie*, erroneous.

28. Third, he submitted that the conclusion of the learned IPAB that the Assignment Deed was a sham because it assigned the rights in the trademark retrospectively, with effect from 01.04.2005, is erroneous. He contended that the learned IPAB had no jurisdiction to question the validity of the Assignment Deed. He also submitted that the Assignment Deed was not ante-dated and it merely assigned the rights in respect of the trademark from a date prior to its execution. He also pointed out that although respondent no.3 was aware of the Assignment Deed, it had not

challenged the same and therefore, any findings in this regard by the learned IPAB were unwarranted.

29. Fourth, he submitted that the learned Single Judge had failed to appreciate that no appeal had been preferred against the orders passed by the Trademark Registry to renew the registration of the trademark with effect from 19.06.2006 and to accept the retrospective assignment of the trademark in question by the Predecessor to the appellant.

30. Lastly, he contended that the standard of review, as applied by the learned Single Judge, was narrower than what was warranted. He submitted that the appellant had no statutory appeal against the order of the learned IPAB and therefore, the standards of judicial review were required to be wider than what is usually applied in petitions under Articles 226 or 227 of the Constitution of India.

31. He also referred to the decision in the case of *In Re: CTP Innovations, LLC: MDL No. 14-MD-2581, decided on 29.11.2016*, rendered by the United States District Court for the District of Maryland in support of his contention that retrospective assignment of the trademark was permissible.

REASONS AND CONCLUSION

32. We are of the view that the determination of controversy in this case is pivoted on two findings of the learned IPAB. The first being the finding that “EVEREADY” is a well-known trademark; and second, being that the appellant and/or the Predecessor had dishonestly adopted

the trademark “EVEREADY” for taking an unfair advantage of the reputation and goodwill associated with the said trademark.

33. The decision of the learned IPAB that respondent no.3’s trademark “EVEREADY” is a well-known trademark with substantial goodwill and reputation associated with it, cannot be faulted. The trademark “EVEREADY” is a coined word formed by joining the two words ‘Ever’ and ‘Ready’ and by deleting the letter ‘R’ from the combined mark. It is, undoubtedly, a distinctive mark and well recognised in India.

34. In this context, it is relevant to refer to the decision of the Rangoon High Court rendered in the case of *Chwan Swee Bee v. National Carbon Co. (supra)*. The said decision was delivered on 20.05.1930. The plaintiffs, in that case, had instituted an action for passing off. They sought to restrain the defendants from using the wrapper with a certain getup in respect of electric batteries. The plaintiffs claimed that they had been importing electric flashlight batteries into Burma for several years and had sold more than eighty lacs of such batteries. The plaintiffs claimed that the wrapper used by them was of a distinctive getup, which had come to be associated in the minds of the general public with the batteries sold by the plaintiffs. The plaintiffs further claimed that the wrapper had three distinctive features. The first, was a combination of red, white and blue colours; the second, was that the word “Eveready”, was set out in a distinctive form of lettering; and, third, was the number 950 over the word “Eveready”.

35. It is relevant to note that the lettering was distinctive as the letters in the center of the mark ‘EVEREADY’ were in a larger font than the letters ‘E’ and ‘Y’ at the two ends. The use of the varying font sizes in respect of different letters of the word “Eveready” lent it a pyramidal shape as is clear from the device mark “EVEREADY”.

36. The defendants in that case were using the trademark “Polo Brand” and had adopted similar colours in addition to using an identical form of lettering as used in the trademark “EVEREADY”. The court found in favour of the appellants/plaintiffs. The court accepted that there was evidence from which inference could be reasonably drawn that the defendant’s adoption of their wrapper was calculated to deceive the public, which was likely to buy electric batteries. Accordingly, the court upheld the decision of the trial court to the aforesaid effect and rejected the appeal. The aforesaid decision does indicate that the trademark “EVEREADY” had a market presence in at least a part of the Indian sub-continent as early as in 1930.

37. In *National Carbon Co. (India) Ltd. v. Raj Kumar & Anr.* (*supra*), the Division Bench of the Allahabad High Court had allowed the appeal against the decision of the trial court, declining to pass an interim injunction restraining the respondents from using the name “LITREADY”, in respect of torches. The mark “LITREADY” was set out in the same pyramidal manner as the trademark “EVEREADY”/ “”. The court was of the view that the appellant/plaintiff had made a *prima facie* case of infringement in their favour. This

decision also indicates that the courts had, more than six decades ago, accepted that the trademark used by respondent no.3 is distinctive.

38. As noticed above, the trademark “EVEREADY” was registered in the year 1942. The applications for rectification, filed by respondent no.3, also set out the sales turnover achieved by respondent no.3 since the year 1981-82, as well as the amount spent in advertisements over the years. The learned IPAB had noted that respondent no.3 had a sales turnover of ₹229.70 crores in the year 1990-91.

39. On the basis of the material placed on record, the learned IPAB concluded as under:

“17. In view of such material, it has come on record that –

- a) Public has a knowledge about this mark.
- b) Extent of user more than 78 years is sufficient in India and abroad.
- c) Large number of registrations obtained.
- d) Successful enforcement.
- e) All conditions of Section 11(1)(6) are satisfied and also under Section 2(1)(zg) of the Act.

18. Thus, the applicant’s mark is a well-known mark due to their extensive, continuous use, have gained immense goodwill and reputation and have attained the status of a well-known mark under Section 2(1)(zg) of the Act.”

40. There is no serious contest to any of the aforesaid findings. We find that the material placed on record substantiates the aforesaid findings, and we concur with the same.

41. The second finding, which is central to the controversy in this case, is whether the appellant's use of the trademark "EVEREADY" is dishonest.

42. As noticed above, the word 'Eve-ready' is a coined word formed by joining the two words 'Ever' and 'Ready'. This is not a generic word. It is difficult to believe that the appellant had discovered the said word as a matter of coincidence without being aware of the use of the said trademark in respect of dry cell batteries and flashlights. The appellants had also set out the said word in a pyramidal form with letters of the words being in different font sizes. The letters 'R' and 'E' at the center are in a large font, whilst the font size of the letters 'E' and 'Y' at the extreme ends, is relatively small.

43. As noticed above, this distinctive manner of writing the word 'Eveready' was adopted almost a century ago. The appellant's use of the trademark "" being identical to respondent no.3's trademark, is certainly not a matter of coincidence. Respondent no.3's trademark, at the material time, was a well-known trademark, enjoying reputation over several decades. The inescapable conclusion is that the Predecessor had adopted respondent no.3's trademark to ride on the goodwill and to take an unfair advantage of its reputation.

44. Mr Ramanujan had made an attempt to distance himself from addressing the appellant's use of the device mark "". He contended that the present appeal was confined to the word mark

“EVEREADY” and therefore the discussion in respect of the label mark was not relevant. He submitted that the appellant had accepted cancellation of the registration of the device mark “” and a reference to the same by the learned Single Judge had clouded the controversy. We are unable to accept that the appellant can avoid the reference to use of the device mark “”. The question is not whether the appellant had accepted the cancellation of that mark. The point to be considered is that the Predecessor adopted the mark dishonestly. The use of the label trademark indicates her mindset and the same is material in determining the question whether adoption of the trademark “EVEREADY” was *bona fide*. Indisputably, when the Predecessor’s conduct is examined, there is no reason to exclude her use of the device mark “” from consideration.

45. The findings that respondent no.3’s trademark “EVEREADY” is a well-known trademark, and the Predecessor (from whom the appellant claims to derive his title) had adopted the trademarks in question dishonestly and with a view to take an unfair advantage of its reputation, lead to the inevitable conclusion that the registrations in favour of the Predecessor/appellant is liable to be cancelled.

46. The learned IPAB had also found that permitting the use of the trademark “EVEREADY” would lead to dilution of respondent no.3’s trademark. It is well settled that when a senior mark has acquired

reputation in relation to certain goods, use of an identical or similar mark in respect of other goods would result in dilution of the said trademark by blurring. Any negative association with the junior mark may also dilute the senior mark by tarnishment.

47. The learned IPAB had rightly held that in terms of Section 11(2)(b) of the Trade Marks Act, the trademark in question ought not to have been registered in favour of the Predecessor and therefore, the registration was liable to be cancelled.

48. In *Ford Motor Company v. Mrs C.R. Borman: 2008 SCC OnLine Del 1211*, this Court had observed as under:

“ 16. If it is, *prima facie*, clear or it is proved through evidence that the concerned trademark enjoys and commands a reputation in India, the Plaintiffs do not have to prove deception on the part of the Defendants or likelihood of the customer being misled because of the use of the challenged trademark. Once the Plaintiffs have made out a case that the offending trademark is identical with or similar to its registered trademark, relief would be available even if the purveyed goods are not similar and/or fall in the same category or class.”

49. Apart from the primary function of identifying the source of goods, a trademark, amongst other functions, has an investment function as well. This is to preserve the investments made by the proprietor of a trademark in publicity and building up reputation of the said mark. The trademark, thus, acquires value that can be estimated in monetary terms and although intangible, is a valuable asset. The use of a trademark by other persons, which is identical or similar to the senior

mark, would inevitably result in dilution of the senior mark and adversely affect its value. Thus, the Trade Marks Act also extends protection to reputed trademarks and does not permit use of similar or deceptive trademarks notwithstanding that they are not in respect of goods covered by the senior trademark, if their use is to take an unfair advantage or is detrimental to the distinctive character or repute of the registered senior trademark.

50. The learned IPAB had rightly found that respondent no.3's trademark was entitled to be extended such protection.

51. The next question to be addressed is whether there has been any acquiescence on the part of respondent no.3 in the use of the trademark by the appellant (or the Predecessor), which disentitled respondent no.3 from seeking a declaration as to the invalidity of the said registration.

52. Section 33 of the Trade Marks Act reads as under:

“33. Effect of acquiescence.—(1) Where the proprietor of an earlier trade mark has acquiesced for a continuous period of five years in the use of a registered trade mark, being aware of that use, he shall no longer be entitled on the basis of that earlier trade mark—

- (a) to apply for a declaration that the registration of the later trade mark is invalid, or
- (b) to oppose the use of the later trade mark in relation to the goods or services in relation to which it has been so used, unless the registration of the later trade mark was not applied in good faith.

(2) Where sub-section (1) applies, the proprietor of the later trade mark is not entitled to oppose the use of the

earlier trade mark, or as the case may be, the exploitation of the earlier right, notwithstanding that the earlier trade mark may no longer be invoked against his later trade mark.”

53. The principal question to be addressed is whether there is any acquiescence on the part of respondent no.3, which disentitled it to challenge the validity of the trademark registered in favour of the appellant. The learned IPAB had rejected the aforesaid contention for three reasons. First, it observed that the defence of acquiescence is not available against the proprietor of a registered trademark. The learned IPAB had referred to an order dated 31.10.2019, passed in the interim application in ***GSK Consumer Healthcare S.A. v. EG Pharmaceuticals and Ors.*** (*supra*).

54. Second, the learned IPAB found that at the time when the rectification petition was filed (that is, in the year 2009), the registration of the trademark, in favour of the appellant/predecessor, had elapsed.

55. Third, that the use of the trademark “EVEREADY” by the appellant was not *bona fide* and the protection under the provisions of Section 33 of the Trade Marks Act is not available.

56. In the case of ***M/s Power Control Appliances & Ors. v. Sumeet Machines Private Limited: (1994) 2 SCC 448***, the Supreme Court held as under:-

“26. Acquiescence is sitting by, when another is invading the rights and spending money on it. It is a course of conduct inconsistent with the claim for exclusive rights in a trade

mark, trade name etc. It implies positive acts; not merely silence or inaction such as is involved in laches...”

57. In *Ramdev Food Products (P) Ltd. v. Arvindbhai Rambhai Patel & Ors.*: (2006) 8 SCC 726, the Supreme Court observed that: -

“106. The defence of acquiescence, thus, would be satisfied when the plaintiff assents to or lay by in relation to the acts of another person and in view of that assent or laying by and consequent acts it would be unjust in all the circumstances to grant the specific relief”.

58. In *Khoday Distilleries Limited v. Scotch Whisky Association & Ors.*: (2008) 10 SCC 723, the Supreme Court had, *inter alia*, referred to the decision in *Ramdev Food Products (P) Ltd. v. Arvindbhai Rambhai Patel & Ors.* (*supra*) and observed as under: -

“53. A contention is sought to be raised that the purported wrong committed by the appellant being a continuing one would not attract the doctrine of laches, acquiescence or waiver. The doctrine of continuing wrong has nothing to do with the refusal on the part of a statutory authority or a court of law to exercise its discretionary jurisdiction on the ground of laches, acquiescence or waiver”.

59. Further, in the case of, *M/s Hindustan Pencils Private Limited v. M/s India Stationary Products Co. & Anr.*: (1989) SCC OnLine Del 34, this Court held as under: -

“18.‘Inordinate delay’ would, therefore, be delay of such a long duration that the defendant could have come to the conclusion that the plaintiff has, possibly, abandoned his right to seek relief or to object to the defendant using the trade mark.

19.It would follow, logically, that delay by itself is not a sufficient defence to an action for interim injunction, but delay coupled with prejudice caused to the defendant would amount to 'laches'.....

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30.the equitable relief will be afforded only to that party who is not guilty of a fraud and whose conduct shows that there had been, on his part, an honest concurrent user of the mark in question. If a party, for no apparent or a valid reason, adopts, with or without modifications, a mark belonging to another, whether registered or not, it will be difficult for that party to avoid an order of injunction because the Court may rightly assume that such adoption of the mark by the party was not an honest one. The Court would be justified in concluding that the defendant, in such an action, wanted to cash in on the plaintiff's name and reputation and that was the sole, primary or the real motive of the defendant adopting such a mark. Even if, in such a case, there may be an inordinate delay on the part of the plaintiff in bringing a suit for injunction, the application of the plaintiff for an interim injunction cannot be dismissed on the ground that the defendant has been using the marks for a number of years....”

31.there is an honest concurrent user by the defendant then inordinate delay or laches may defeat the claim of damages or rendition of accounts but the relief of injunction should not be refused. This is so because it is the interest of the general public, which is the third party in such cases, which has to be kept in mind. In the case of inordinate delay or laches, as distinguished from the case of an acquiescence, the main prejudice which may be caused to the defendant is that by reason of the plaintiff not acting at an earlier point of time the

defendant has been able to establish his business by using the infringing mark. Inordinate delay or laches may be there because the plaintiff may not be aware of the infringement by the defendant of the plaintiff may consider such infringement by the defendant as not being serious enough to hurt the plaintiff's business. Nevertheless, if the Court comes to the general public who may be misled into buying the goods manufactured by the defendant thinking them to be goods of the plaintiff then an injunction must be issued. The Court may, in appropriate cases, allow some time to the defendant to sell off their existing stock but an injunction should not be denied”.

60. In the case of *BCH Electric Limited v. Eaton Corporation & Anr.:* (2016) SCC OnLine Del 3639, this Court held as under:-

“81.in order to make good the defence of acquiescence, the defendant must have acted *bonafide* and in an honest belief that it was not treading on anyone else's rights. Clearly, a person who knowingly usurps a trademark of another and carries on his trade with the intention of benefiting from the goodwill of another cannot be heard to take the defence of acquiescence”.

61. We do not agree that the defence of acquiescence under Section 33 of the Trade Marks Act is not available against the proprietor of a registered trademark. This view is contrary to the plain language of Section 33 of the Trade Marks Act. However, in the given facts, it is apparent that respondent no.3 had not acquiesced in the appellant's (or the Predecessor's) use of the trademark. We are unable to find any positive or tacit act on the part of respondent no.3 that would indicate that it had encouraged the use of the trademark by the Predecessor, either actively or tacitly.

62. The question whether the registration of the trademark had elapsed in the year 2006, is a contentious issue. Admittedly, the Predecessor had not renewed the trademark and the same had elapsed in the year 2006. It is also admitted that the trademark was not used in the years 2000 to 2005. In fact, it is admitted that the Predecessor had ceased in using the mark from the year 2000. The appellant had secured restoration of the trademark that had been removed on the ground that the notice under Section 25(3) of the Trade Marks Act had not been received. The appellant or his attorney could not have affirmed that the notice was not received because, at the material time, the trademark was registered in the name of the Predecessor and therefore, the notice, if any, would have been sent to the authorised attorney of the Predecessor or to the Predecessor herself. Although the appellant and his attorney had affirmed that neither they nor the Predecessor had received such notice, the same may not be sufficient to establish non-receipt of notice, since the same would have been issued to the attorney of the Predecessor.

63. Having stated the above, there is merit in the appellant's contention that registration of the trademark had been restored and such restoration was not under challenge. However, it is necessary to bear in mind that the observations made by the learned IPAB were in regard to the appellant's contention regarding the defence of acquiescence under Section 33(1) of the Trade Marks Act. Clearly, respondent no.3 could not have been found to have acquiesced in the use of the registered trademark, if the trademark was, in fact, not in use.

Admittedly, for the period after the year 2000, the trademark was not used by the Predecessor. Therefore, respondent no.3 cannot be held to have acquiesced in any such use.

64. The appellant also contested the learned IPAB's finding that the Assignment Deed executed by the Predecessor was faulty.

65. It is necessary to point out that the said finding had been returned in the context of the question whether the appellant could claim any rights in respect of the trademark, for the period 01.04.2005 to 06.01.2009 (the date on which the Assignment Deed was executed) against third parties. It must be clarified that the Assignment Deed, insofar as it determines the rights *inter se* the Predecessor and the appellant, is not in question. The only controversy is whether the appellant can use the said Assignment Deed to claim rights in respect of the registered trademark as against respondent no.3 for the period of 01.04.2005 to 06.01.2009. Whilst there is no prohibition for the parties to enter into a contract to determine their *inter se* rights, it clearly would not be permissible for the appellant to assert any rights against third parties, which are premised on proprietary rights of a registered trademark for the period when he was not a proprietor of the said trademark. The Predecessor, by virtue of the Assignment Deed, cannot retrospectively create rights in favour of the appellant to be exercised against third parties.

66. Mr Ramanujan had referred to the decision in *In Re: CTP Innovations, LLC (supra)*. In that case, the US District Court for the

District of Maryland had considered the question of the plaintiff's locus to sue for enforcement of patent rights. In that case, the inventors of the patent had assigned their rights to Banta Corporation on 21.09.1999. In the year 2007, one R.R. Donnelley acquired the holdings of Banta Corporation; however, he did not acquire the assets owned by Banta Corporation. Banta Corporation continued to operate as a subsidiary of R.R. Donnelley from the year 2007 to 2013. On 12.02.2013, R.R. Donnelley – who was not the patentee at the material time because the patent rights were held by Banta Corporation – executed an assignment of rights to Media Innovations, LLC.

67. On 05.03.2013, Media Innovations, LLC assigned its right to CTP Innovations, LLC (the plaintiff in that case). On 24.05.2013, Banta Corporation executed the assignment of rights in favour of R.R. Donnelley but with effect from 03.01.2013. This agreement was described as a *nunc pro tunc* agreement as it sought to create rights retrospectively. In the said context, the court considered the question whether CTP Innovations, LLC (the plaintiff) had a standing to sue. The court did not accept that the plaintiff had any locus to sue and granted the defendant's motion to dismiss the suit due to the plaintiff's lack of standing to sue. The relevant extract from the said decision is set out below:

“CTP contends that Banta's May 24, 2013 execution of a *nunc pro tunc* assignment of the rights to the Patents in Suit to R.R. Donnelley was effective to retroactively close the gaps in the chain of title between R.R. Donnelley and Media and between Media and CTP.

Certainly, contracting parties may agree to give retroactive effect to their agreements as between themselves. *American Cyanamid Co. v. Ring*, 286 S.E. 2d 1, 3 (1982). However, a nunc pro tunc agreement cannot be used to rewrite history so as to retroactively provide standing to sue for patent infringement. “[N]unc pro tunc assignments are not sufficient to confer retroactive standing.” *Enzo APA & Son, Inc. v. Geapag A.G.*, 134 F.3d 1090, 1093 (Fed. Cir. 1998). “As a general matter, parties should possess rights before seeking to have them vindicated in court.” *Id.* (quoting *Procter & Gamble Co. v. Paragon Trade Brands, Inc.*, 917 F. Supp. 305, 310 (D. Del. 1995)). See also *Gaia Techs.*, 93 F.3d at 780 (vacating verdict that the asserted patents were infringed because the nunc pro tunc agreement was insufficient to cure the lack of standing existing when the complaint was filed).”

68. The aforesaid decision is of no assistance to the appellant in the present case. On the contrary, the said decision clearly supports the view that, on the basis of the Assignment Deed, the appellant could assert no rights relating to the period prior to the date when the deed was executed, against any third parties.

69. It is also relevant to reiterate that an assignor cannot assign any rights that it does not have. Thus, the Predecessor could only assign the rights that she held as on 06.01.2009, as on the said date, registration of the trademark had elapsed. The Predecessor had not used the trademark in question for the preceding nine years. The appellant’s use of the trademark, if any, during the period 2005 to 2009, could not be regularised or considered as use by a proprietor of the registered trademark as the appellant was not a registered proprietor of the

trademark during the said period. The observations made by the learned IPAB, regarding abandonment of the trademark in question, would have to be seen in the context of admitted non-use of the trademark by the Predecessor from the year 2000 onwards and in the context of the appellant's defence of acquiescence.

70. This Court is unable to accept that in the given facts, the decision of the learned IPAB that there was no acquiescence of use of the registered trademark by respondent no.3, is flawed.

71. The Trademark Registry had issued an examination report citing the registration of the trademark owned by the Predecessor on 25.03.2000. The appellant claims that, at least, with effect from that date, respondent no.3 was aware of the registration of the trademark in favour of the Predecessor but had taken no action to challenge the registration and therefore, had acquiesced in its use.

72. The said argument is fundamentally flawed, as admittedly, neither the appellant nor the Predecessor were using the trademark from the year 2000 to 2005. Thus, the question of respondent no.3 acquiescing in such use does not arise. As stated above, the proprietor of the registered trademark (the Predecessor) never used the trademark after the year 2000 as the appellant claimed that it commenced using the same from the year 2005 onwards. However, at that time, he was not the registered proprietor of the trademark. While the Assignment Deed may create some rights *inter se* the Predecessor and the appellant,

it created no right in favour of the appellant insofar as respondent no.3 is concerned, for the period prior to 06.01.2009.

73. In view of the above, this Court finds no merit in the present appeal and the same is, accordingly, dismissed. All pending applications are also dismissed.

VIBHU BAKHRU, J

AMIT MAHAJAN, J

OCTOBER 27, 2022
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