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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

\+ FAO(OS) (COMM) 120/2022, CM APPL. 22588/2022, CM APPL. 22589/2022 & CM APPL. 43243/2025

KELLER WILLIAMS REALTY, INC. .....Appellant
Through: Mr. Jayant Mehta, Sr. Adv. with Mr. Anirudh Bakhru, Mr. Naqeeb Nawab, Ms. Apurva Bhutani and Ms. Sejal Tayal, Advs.

versus

DINGLE BUILDCONS PRIVATE LIMITED & ORS. .....Respondents
Through: Mr. Akhil Sibal, Sr. Adv. with Mr. Sudarshan Bansal, Ms. Sarah Haque, Mr. Shivang Bansal, Mr. Amit Chanchal Jha and Mr. Shivendra Pratap Singh, Advs.

CORAM:
HON'BLE MR. JUSTICE C. HARI SHANKAR
HON'BLE MR. JUSTICE OM PRAKASH SHUKLA

JUDGMENT (ORAL)
% 06.08.2025

C. HARI SHANKAR, J.

CM APPL. 43243/2025 (for bringing on record conversion of appellant company)

1. For the reasons stated in the application, the prayer is granted.

2. The application is allowed.

<u>FAO(OS) (COMM) 120/2022, CM APPL. 22588/2022 & CM APPL. 22589/2022</u>

3. Keller Williams Realty Inc., the appellant herein, has instituted CS (Comm) 74/2019[1] against the respondents Dingle Buildcons Pvt Ltd, KW Homes Pvt Ltd and KW Security and Services Pvt Ltd, the respondents herein. The suit is presently pending before a learned Single Judge of this Court. In the suit, the appellant has alleged that, by use of the marks ‘KW’, , , and , the respondents have infringed the trademark ‘KW’ which stands registered in favour of the appellant with effect from 2 March 2012 in Class 35 for “Franchising, namely offering technical assistance in the establishment and/or operation of real estate brokerages”. Additionally, the appellant claims to have been using various marks, internationally, of which ‘KW’ is the prominent part, including KW KELLER WILLIAMS, , KW COMMERCIAL, KW GPS, KW University, KW Young Professionals, KW Kids Can, KW LAND, KW CONNECT and KW Worldwide[2]. It is stated that, as the appellant has amassed worldwide goodwill and reputation in these “KW marks”, the appellant has common law rights against the use, by anyone, in India, of ‘KW’ as a

[1] “the suit" hereinafter
[2] “the KW marks” hereinafter

part of any mark under which services similar to those provided by the appellant, are provided. As such, it is also alleged that the respondents, by use of the marks 'KW', , , and , to be passing off their services as those of the appellant.

4. The appellant filed, with its suit, IA 2111/2019, under Order XXXIX Rules 1 and 2 of the CPC[3] , seeking an injunction, restraining the respondents and all others acting on their behalf from using the marks 'KW', , , and , or any other mark which would be deceptively or confusingly similar to the KW marks of the appellant, as would amount to infringement of the appellant's registered KW trademark or passing off of the respondents' services as the services of the appellant.

5. Before proceeding further, it merits mention that Respondent 1 is also the registered proprietor of the trade mark in Classes 14, 16, 17, 20, 21, 28, 36, 37, 41 and 43 with effect from 17 October 2016. This is significant, as the only registrations held by the appellant in India are of the marks

(i) KW in Class 35 for "Franchising, namely offering technical assistance in the establishment and/or operation of real estate brokerages" and

(ii) KELLER WILLIAMS in

[3] Code of Civil Procedure, 1908

(a) Class 35 for "Franchising, namely offering technical assistance in the establishment and/or operation of real estate brokerages" and

(b) Class 36 for "Real estate brokerage services".

6. By order dated 17 April 2020, a learned Single Judge of this Court has dismissed IA 2111/2019. Aggrieved thereby, the appellant has instituted the present appeal before us.

7. We have heard, at length, Mr. Jayant Mehta, learned Senior counsel for the appellant and Mr. Akhil Sibal, learned Senior Counsel for the respondents.

8. <u>No case of infringement can be said to exist</u>

8.1 We deem it appropriate, before proceeding further, to consign, to oblivion, the assertion of the appellant that the respondents have been infringing the registered trademarks of the appellant. The respondents are using the mark KW GROUP for touching heights, of which Respondent 1 is the registered proprietor in Class 36 for "Real estate brokerage services". The Trade Marks Act, 1999 specifically excepts, from the ambit of "infringement", the use of a registered trademark by its proprietor, in the class or classes in which it is registered. The Trade Marks Act further insulates every proprietor of a registered trademark from any injunction against the use thereof, even if the mark is confusingly or deceptively similar to the registered mark of another.

8.2 Sections 29[4], 28(1)[5] and (3)[6] and 30(2)(e)[7] of the Trade Marks Act can lead to no other sequitur.

8.3 Infringement is a statutory tort, and its parameters are statutorily defined. They stand exhaustively circumscribed by the various sub-sections of Section 29 of the Trade Marks Act. There can be no

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[4] **29. Infringement of registered trade marks**. –

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

(2) A registered trade mark is infringed by a person who, not being a registered proprietor or a person using by way of permitted use, uses in the course of trade, a mark which because of—

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

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

(c) its identity with the registered trade mark and the identity of the goods or services covered by such registered trade mark,

is likely to cause confusion on the part of the public, or which is likely to have an association with the registered trade mark.

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

(4) A registered trade mark is infringed by a person who, not being a registered proprietor or a person using by way of permitted use, uses in the course of trade, a mark which—

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

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

(c) the registered trade mark has a reputation in India and the use of the mark without due cause takes unfair advantage of or is detrimental to, the distinctive character or repute of the registered trade mark.

[5] **28. Rights conferred by registration**. –

(1) Subject to the other provisions of this Act, the registration of a trade mark shall, if valid, give to the registered proprietor of the trade mark the exclusive right to the use of the trade mark in relation to the goods or services in respect of which the trade mark is registered and to obtain relief in respect of infringement of the trade mark in the manner provided by this Act.

[6] (3) Where two or more persons are registered proprietors of trade marks, which are identical with or nearly resemble each other, the exclusive right to the use of any of those trade marks shall not (except so far as their respective rights are subject to any conditions or limitations entered on the register) be deemed to have been acquired by any one of those persons as against any other of those persons merely by registration of the trade marks but each of those persons has otherwise the same rights as against other persons (not being registered users using by way of permitted use) as he would have if he were the sole registered proprietor.

[7] (2) A registered trade mark is not infringed where –

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(e) the use of a registered trade mark, being one of two or more trade marks registered under this Act which are identical or nearly resemble each other, in exercise of the right to the use of that trade mark given by registration under this Act.

infringement of trademark, outside Section 29.

8.4 Each of the sub-sections of Section 29 starts with the words "a registered trade mark is infringed by a person who, *not being a registered proprietor or a person using by way of permitted use*". In other words, proprietors of registered trademarks, and permissive users, stand *ipso facto* excluded from being regarded as infringers. Infringement, therefore, per definition, has to be by the use of a mark which is not registered, and of which the infringer is not a permissive user. Use of a registered trademark can never be infringement.

8.5 The legislature has re-emphasised this in Section 30(2)(e). Section 30(2) enumerates circumstances in which a registered trade mark is *not* infringed. Among these is the circumstance envisaged in clause (e), where the use of the mark by the alleged infringer is by way of the right conferred by registration. This again reinforces the position that the use of a registered trade mark, by its proprietor, in the class or classes in which it is registered, is *ipso facto* not infringement, even if it is identical or deceptively similar to another pre-existing mark of someone else.

8.6 Independently, Section 28(3) engrafts an absolute proscription against the proprietor of a registered trade mark claiming exclusivity over it, *vis-a-vis* the proprietor of another registered mark which may be identical or deceptively similar. In other words, there can be no claim of exclusivity against the proprietor of a registered trade mark,

even at the instance of another registered proprietor of a trade mark which may be identical or deceptively similar, and even if it enjoys priority of registration or use.

8.7 Section 28(3) is, in fact, merely a sequitur to Section 28(1) which confers, on the registered proprietor of any trade mark, the exclusive right to use the mark in the class or classes in which it is registered.

8.8 This statutory position stands underscored and reinforced by the following passages from ***S. Syed Mohideen v P. Sulochana Bai***[8]:

> "24. *The effect of registration is provided in Chapter IV of the Act in Section 27. This Section provides that no infringement will lie in respect of an unregistered trade mark*. However, Section 27(2) recognises the common law rights of the trade mark owner to take action against any person for passing off goods as the goods of another person or as services provided by another person or the remedies thereof. Section 27 reads as under:
>
> > 27. *No action for infringement of unregistered trade mark.—*
> >
> > > (1) No person shall be entitled to institute any proceeding to prevent, or to recover damages for, the infringement of an unregistered trade mark.
> > >
> > > (2) Nothing in this Act shall be deemed to affect rights of action against any person for passing off goods or services as the goods of another person or as services provided by another person, or the remedies in respect thereof.
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> 25. Section 28 which is very material for our purpose, as that provision confers certain rights by registration, is reproduced below

[8] **(2016) 2 SCC 683**

in its entirety:

> 28. *Rights conferred by registration*.—
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> (1) Subject to the other provisions of this Act, the registration of a trade mark shall, if valid, give to the registered proprietor of the trade mark the exclusive right to the use of the trade mark in relation to the goods or services in respect of which the trade mark is registered and to obtain relief in respect of infringement of the trade mark in the manner provided by this Act.
>
> (2) The exclusive right to the use of a trade mark given under sub-section (1) shall be subject to any conditions and limitations to which the registration is subject.
>
> (3) Where two or more persons are registered proprietors of trade marks, which are identical with or nearly resemble each other, the exclusive right to the use of any of those trade marks shall not (except so far as their respective rights are subject to any conditions or limitations entered on the register) be deemed to have been acquired by any one of those persons as against any other of those persons merely by registration of the trade marks but each of those persons has otherwise the same rights as against other persons (not being registered users using by way of permitted use) as he would have if he were the sole registered proprietor.

26. A bare reading of this provision demonstrates the following rights given to the registered proprietor of the trade mark:

> (i) Exclusive right to use the trade mark in relation to the goods or services in respect of which the trade mark is registered.
> (ii) To obtain relief in respect of infringement of trade mark in the manner provided by this Act.

27. *Sub-section (3) of Section 28 with which we are directly concerned, contemplates a situation where two or more persons are registered proprietors of the trade marks which are identical with or nearly resemble each other. It, thus, postulates a situation*

where same or similar trade mark can be registered in favour of more than one person. On a plain stand-alone reading of this Section, it is clear that the exclusive right to use of any of those trade marks shall not be deemed to have been acquired by one registrant as against other registered owner of the trade mark (though at the same time they have the same rights as against third person). Thus, between the two persons who are the registered owners of the trade marks, there is no exclusive right to use the said trade mark against each other, which means this provision gives concurrent right to both the persons to use the registered trade mark in their favour. Otherwise also, it is a matter of common sense that the plaintiff cannot say that its registered trade mark is infringed when the defendant is also enjoying registration in the trade mark and such registration gives the defendant as well right to use the same, as provided in Section 28(1) of the Act.

28. However, what is stated above is the reflection of Section 28 of the Act when that provision is seen and examined without reference to the other provisions of the Act. *It is stated at the cost of repetition that as per this Section owner of registered trade mark cannot sue for infringement of his registered trade mark if the appellant also has the trade mark which is registered*. Having said so, a very important question arises for consideration at this stage, namely, whether such a respondent can bring an action against the appellant for passing off invoking the provisions of Section 27(2) of the Act. In other words, what would be the interplay of Section 27(2) and Section 28(3) of the Act is the issue that arises for consideration in the instant case. As already noticed above, the trial court as well as the High Court have granted the injunction in favour of the respondent on the basis of prior user as well as on the ground that the trade mark of the appellant, even if it is registered, would cause deception in the mind of the public at large and the appellant is trying to encash upon, exploit and ride upon on the goodwill of the respondent herein. Therefore, *the issue to be determined is as to whether in such a scenario, the provisions of Section 27(2) would still be available even when the appellant is having registration of the trade mark of which he is using*.

29. After considering the entire matter in the light of the various provisions of the Act and the scheme, our answer to the aforesaid question would be in the affirmative. Our reasons for arriving at this conclusion are the following.

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30.3. *Section 28(3) of the Act provides that the rights of two registered proprietors of identical or nearly resembling trade marks shall not be enforced against each other*. However, they shall be same against the third parties. Section 28(3) merely provides that there shall be no rights of one registered proprietor vis-à-vis another but only for the purpose of registration. *The said provision 28(3) nowhere comments about the rights of passing off which shall remain unaffected due to overriding effect of Section 27(2) of the Act and thus the rights emanating from the common law shall remain undisturbed by the enactment of Section 28(3) which clearly states that the rights of one registered proprietor shall not be enforced against the another person*.

30.4. Section 34[9] of the Trade Marks Act, 1999 provides that nothing in this Act shall entitle the registered proprietor or registered user to interfere with the rights of prior user. Conjoint reading of Sections 34, 27 and 28 would show that the rights of registration are subject to Section 34 which can be seen from the opening words of Section 28 of the Act which states "Subject to the other provisions of this Act, the registration of a trade mark shall, if valid, give to the registered proprietor…." and also the opening words of Section 34 which states "Nothing in this Act shall entitle the proprietor or a registered user of registered trade mark to interfere…." Thus, the scheme of the Act is such where rights of prior user are recognised superior than that of the registration and even the registered proprietor cannot disturb/interfere with the rights of prior user. The overall effect of collective reading of the provisions of the Act is that the action for passing off which is premised on the rights of prior user generating a goodwill shall be unaffected by any registration provided under the Act. This proposition has been discussed in extenso in ***N.R. Dongre v Whirlpool Corpn***.[10] wherein the Division Bench of the Delhi High Court recognised that the registration is not an indefeasible right and the same is subject to rights of prior user. The said decision of ***Whirlpool*** was further affirmed by the Supreme Court of India

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[9] **34. Saving for vested rights**.—Nothing in this Act shall entitle the proprietor or a registered user of registered trade mark to interfere with or restrain the use by any person of a trade mark identical with or nearly resembling it in relation to goods or services in relation to which that person or a predecessor in title of his has continuously used that trade mark from a date prior—

(*a*) to the use of the first-mentioned trade mark in relation to those goods or services be the proprietor or a predecessor in title of his; or

(*b*) to the date of registration of the first-mentioned trade mark in respect of those goods or services in the name of the proprietor of a predecessor in title of his;

whichever is the earlier, and the Registrar shall not refuse (on such use being proved) to register the second mentioned trade mark by reason only of the registration of the first-mentioned trade mark.

[10] **N.R. Dongre v Whirlpool Corpn, AIR 1995 Del 300**

in ***N.R. Dongre v Whirlpool Corpn***[11].

30.5. The above were the reasonings from the provisions arising from the plain reading of the Act which gives clear indication that the rights of prior user are superior than that of registration and are unaffected by the registration rights under the Act."

(Emphasis supplied)

8.9 *Thus, the Supreme Court, in **S. Syed Mohideen**, has clearly held that there can be no infringement action against the proprietor of a registered trademark and that no injunction can be granted against use, by the proprietor of a registered trademark, of the mark in the class in which it is registered in his favour, on the ground of infringement.*

8.10 This insulation, against injunction is not, however, available even to a registered proprietor of a trade mark, in a case of passing off.

8.11 Mr. Mehta, learned Senior Counsel for the appellant, draws our attention to the fact that another Division Bench of this Court has, in ***Raj Kumar Prasad v Abbott Healthcare (P) Ltd***[12], held that an infringement action would lie against a registered trade mark and that the correctness of the said decision stands referred, by the coordinate Bench of this Court in ***Abros Sports International (P) Ltd v Ashish Bansal***[13] [authored by one of us (C. Hari Shankar, J.)] to a larger bench. Till the larger bench pronounces its verdict, Mr. Mehta would seek to contend that ***Raj Kumar Prasad*** continues to remain the law.

[11] **(1996) 5 SCC 714**
[12] **(2014) 60 PTC 51**
[13] **2025 SCC OnLine Del 3410**

8.12 We cannot agree. ***Raj Kumar Prasad*** was rendered prior to ***Syed Mohideen***. In any event, as ***Syed Mohideen*** is a judgment of the Supreme Court, the decision of the Division Bench in ***Raj Kumar Prasad*** has to cede place to it. We may note, here, for the sake of completeness, that the view, in ***Raj Kumar Prasad***, that an infringement action would lie even against a registered trademark, was reiterated by another Division Bench of this Court in ***Corza International v Future Bath Products (P) Ltd***[14]. However, the attention of the Bench in ***Corza*** was not invited to the judgment in ***Syed Mohideen***.

8.13 As a result, following ***Syed Mohideen***, it has to be held that no infringement action can lie against a registered trademark, and there can be no injunction against the use of a registered trademark by its proprietor, in accordance with the registration.

8.14 Applying this principle to the present case, there can, therefore, be no question of any injunction, at the instance of the appellant, against the use, by the respondents, of the mark KW GROUP for touching heights. As the respondents are not using 'KW' in any form or manner other than KW GROUP for touching heights, the impugned judgment of the learned Single Judge, insofar as it refuses to grant any relief of injunction, to the appellant and against the respondents, on the ground of infringement, is unexceptionable.

[14] **2023 SCC OnLine Del 153**

8.15 Resultantly, we are concerned only with the aspect of passing off.

9. <u>Re. Passing Off</u>

9.1 Respondent 1, in its registrations for the mark KW —GROUP— for touching heights, claimed user of 2006. Inasmuch as the said registrations are still subsisting, there is a presumption of their validity, by virtue of Section 31(1)[15] of the Trade Marks Act.

9.2 It is true that registration of a trade mark does not immunise its proprietor from injunction on the ground of passing off, as passing off actions stand statutorily saved by Section 27(2)[16]. However, for the appellant to succeed in an action for injunction against the respondents on the ground of passing off, the appellant would have to establish, at least *prima facie*, that, prior to the commencement of use, by the respondents, of the KW —GROUP— for touching heights mark in India, the appellant had acquired sufficient goodwill so as to render the use, by the respondents, of the KW —GROUP— for touching heights mark an attempt to pass off their services as the services of the

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[15] **31. Registration to be prima facie evidence of validity**.—
(1) In all legal proceedings relating to a trade mark registered under this Act (including applications under Section 57), the original registration of the trade mark and of all subsequent assignments and transmissions of the trade mark shall be *prima facie* evidence of the validity thereof.

[16] **27. No action for infringement of unregistered trade mark.** –
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(2) Nothing in this Act shall be deemed to affect rights of action against any person for passing off goods or services as the goods of another person or as services provided by another person, or the remedies in respect thereof.

appellant. This is because passing off is classically a tort of deceit – though, with the evolution of the law, proof of actual ill intent on the part of the defendant is not a *sine qua non* for the plaintiff to succeed in a passing off action – in which the defendant, by use of an identical or deceptively similar trade mark, seeks to pass of its services as the services of the plaintiff. The three inalienable prerequisites for any passing off action are (i) goodwill of the plaintiff, (ii) misrepresentation, by the defendant, of its goods or services as those of the plaintiff and (iii) loss or injury to the plaintiff, as a result. This position is most recently enunciated by the Supreme Court in its judgment in the following passages from ***Brihan Karan Sugar Syndicate Pvt Ltd v Yashwantrao Mohite Krushna Sahakari Sakhar Karkhana***[17]:

> "12. There is a finding recorded by the High Court in the impugned judgment that the labels used on the bottle of country liquor sold by the appellant and the labels on the bottle of country liquor sold by the respondent are similar. At this stage, we may note the legal position regarding the factual details which are required to be proved in a passing off action. Firstly, we may refer to a decision of this Court in ***Satyam Infoway Ltd. v Siffynet Solutions (P) Ltd.***[18] Paras 13 to 15 of the said decision read thus :
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> > "13. The next question is, would the principles of trade mark law and in particular those relating to passing off apply? An action for passing off, as the phrase "passing off" itself suggests, is to restrain the defendant from passing off its goods or services to the public as that of the plaintiff's. It is an action not only to preserve the reputation of the plaintiff but also to safeguard the public. The defendant must have sold its goods or offered its services in a manner which has deceived or would be likely to deceive

[17] **(2024) 2 SCC 577**
[18] **(2004) 6 SCC 145**

the public into thinking that the defendant's goods or services are the plaintiff's. The action is normally available to the owner of a distinctive trade mark and the person who, if the word or name is an invented one, invents and uses it. If two trade rivals claim to have individually invented the same mark, then the trader who is able to establish prior user will succeed. The question is, as has been aptly put, who gets these first? *It is not essential for the plaintiff to prove long user to establish reputation in a passing off action. It would depend upon the volume of sales and extent of advertisement.*

14. The second element that must be established by a plaintiff in a passing off action is misrepresentation by the defendant to the public. The word "misrepresentation" does not mean that the plaintiff has to prove any mala fide intention on the part of the defendant. Of course, if the misrepresentation is intentional, it might lead to an inference that the reputation of the plaintiff is such that it is worth the defendant's while to cash in on it. An innocent misrepresentation would be relevant only on the question of the ultimate relief which would be granted to the plaintiff [***Cadbury-Schweppes (Pty) Ltd. v PUB Squash Co. (Pty) Ltd.***[19], ***Erven Warnink Besloten Vennootschap v J. Townend & Sons (Hull) Ltd.***[20]]. What has to be established is the likelihood of confusion in the minds of the public (the word "public" being understood to mean actual or potential customers or users) that the goods or services offered by the defendant are the goods or the services of the plaintiff. In assessing the likelihood of such confusion the courts must allow for the "imperfect recollection of a person of ordinary memory" [***Aristoc Ltd. v Rysta Ltd.***[21]].

15. The third element of a passing off action is loss or the likelihood of it."

(emphasis supplied)

13. Thus, the volume of sale and the extent of advertisement made by the appellant of the product in question will be a relevant consideration for deciding whether the appellant had acquired a reputation or goodwill.

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[19] **(1981) 1 WLR 193**
[20] **(1979) 3 WLR 68: (1979) 2 All ER 927**
[21] **1945 AC 68 (HL)**

14. At this stage, we may also refer to the decision of this Court in ***Toyota Jidosha Kabushiki Kaisha v Prius Auto Industries Ltd.***[22]. In this decision, this Court approved its earlier view in ***S. Syed Mohideen v. P. Sulochana Bai*** that the passing off action which is premised on the rights of the prime user generating goodwill, shall remain unaffected by any registration provided in the Act. In fact, this Court quoted with approval, the view taken by the House of Lords in ***Reckitt & Colman Products Ltd. v Borden Inc.***[23]. The said decision lays down triple tests. One of the tests laid down by the House of Lords was that the plaintiff in a passing off action has to prove that he had acquired a reputation or goodwill connected with the goods. Thereafter, in para 40 of ***Toyota***, this Court held that *if goodwill or reputation <u>in a particular jurisdiction</u> is not established by the plaintiff, no other issue really would need any further examination to determine the extent of the plaintiff's right in the action of passing off*.

15. Coming to the facts of the case, the appellant examined only two witnesses. The first witness was Mr K.K. Kalani and the second one was Mr Sudhir Pokhale. Mr Sudhir Pokhale was examined on an altogether different issue regarding the approval of labels sought by the respondent. The impugned judgment contains a list of the exhibited documents produced by the appellant. Exts. 73, 73.1 to 73.4 are the statement of sales as well as advertisement and sale promotion expenses certified by a Chartered Accountant. However, we find that the Chartered Accountant was not examined to prove the statements. In the examination-in-chief of Shri K.K. Kalani, in para 10, only the figures of sales and marketing expenses have been quoted.

16. *Prima facie*, *it appears to us that at the time of the final hearing of the suit, it was incumbent upon the appellant-plaintiff to actually prove the figures of sales and expenditure incurred on the advertising and promotion of the product. Only by producing the statements without proving the contents thereof, the appellant could not have established its reputation or goodwill in connection with the goods in question.* According to the witness, the statements produced were signed by a Chartered Accountant Mr Natesh. This aspect surely makes out a prima facie case for grant of stay to the execution of the decree in favour of the respondent as regards the passing off action.

17. *For establishing goodwill of the product, it was necessary*

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[22] **(2018) 2 SCC 1**
[23] **(1990) 1 WLR 491 (HL)**

for the appellant to prove not only the figures of sale of the product but also the expenditure incurred on promotion and advertisement of the product. Prima facie, there is no evidence on this aspect. While deciding an application for a temporary injunction in a suit for passing off action, in a given case, the statements of accounts signed by the Chartered Accountant of the plaintiff indicating the expenses incurred on advertisement and promotion and figures of sales may constitute a material which can be considered for examining whether a prima facie case was made out by the appellant-plaintiff. However, at the time of the final hearing of the suit, the figures must be proved in a manner known to law.

18. *Even assuming that the allegation of deceptive similarity in the labels used by the respondent was established by the appellant, one of the three elements which the appellant was required to prove, has not been proved.* Therefore, we find that the High Court was justified in staying that particular part of the decree of the trial court by which injunction was granted for the action of passing off."

(Emphasis supplied)

9.3 We may note that, much prior to ***Brihan Karan Sugar Syndicate***, the Supreme Court had, in ***Cadila Health Care Ltd v Cadila Pharmaceuticals Ltd***[24], identified *five* ingredients of passing off:

"10. … The passing-off action depends upon the principle that nobody has a right to represent his goods as the goods of somebody. In other words a man is not to sell his goods or services under the pretence that they are those of another person. As per Lord Diplock in ***Erven Warnink BV v J. Townend & Sons*** the modern tort of passing off has five elements i.e. (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 quia timet action) will probably do so."

9.4 Thereafter the decision proceeded to identify, authoritatively,

the following determinative aspects to decide whether passing off has, or has not, in a given case, taken place:

> "(a) The nature of the marks i.e. whether the marks are word marks or label marks or composite marks i.e. both words and label works.
>
> (b) The degree of resembleness between the marks, phonetically similar and hence similar in idea.
>
> (c) The nature of the goods in respect of which they are used as trade marks.
>
> (d) The similarity in the nature, character and performance of the goods of the rival traders.
>
> (e) The class of purchasers who are likely to buy the goods bearing the marks they require, on their education and intelligence and a degree of care they are likely to exercise in purchasing and/or using the goods.
>
> (f) The mode of purchasing the goods or placing orders for the goods.
>
> (g) Any other surrounding circumstances which may be relevant in the extent of dissimilarity between the competing marks."

9.5 After having examined the authoritative pronouncements on the issue, one of us (C. Hari Shankar J) had, sitting singly, attempted to distill the various ingredients and indicia of the tort of passing off, thus, in ***FDC Ltd v Faraway Foods Pvt Ltd***[25]:

> "(i) Passing off, though an action based on deceit, does not require the establishment of fraud as a necessary element to sustain the action. Imitation or adoption, by the defendant, of the plaintiffs trade mark, in such manner as to cause confusion or deception in

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[24] **(2001) 5 SCC 73**
[25] **2021 SCC OnLine Del 1539**

the mind of prospective customers, is sufficient.

(ii) The principles for grant of injunction, in passing off actions, are the same as those which govern the grant of injunctions in other cases, i.e. the existence of a *prima facie* case, the balance of convenience, and the likelihood of irreparable loss in issuing to the plaintiff, were injunction not to be granted.

(iii) Proof of actual damage is not necessary, to establish passing off. However, proof of misrepresentation is necessary, even if intent to misrepresent is not approved. The question of intent may, nevertheless, be relevant, when it comes to the ultimate relief to be granted to the plaintiff.

(iv) Passing off may be alleged by a claimant who owns sufficient proprietary interest in the goodwill associated with the product, which is really likely to be damaged by the alleged misrepresentation.

(v) Grant of injunction, in cases where passing off is found to exist, is intended to serve two purposes, the first being preservation of the reputation of the plaintiff, and the second, safeguarding of the public against goods which are passed off as those of the plaintiff.

(vi) The ingredients/indicia of the tort of passing off are the following:

(a) There must be sale, by the defendant, of goods/services in a manner which is likely to deceive the public into thinking that the goods/services are those of the plaintiff.

(b) The plaintiff is not required to prove long user to prove established reputation. The existence, or otherwise, of reputation, would depend upon the volume of the plaintiffs sales and the extent of its advertisement.

(c) The plaintiff is required to establish

(i) misrepresentation by the defendant to the public, though not necessarily *mala fide*,

(ii) likelihood of confusion in the minds of the public (the public being the potential customers/users of the product) that the goods of the defendant are those of the plaintiff, applying the test

of a person of "imperfect recollection and ordinary memory",
(iii) loss, or likelihood of loss, and
(iv) goodwill of the plaintiff, as a prior user.

Elsewhere, the five elements of passing off have been identified as (a) misrepresentation, (b) made by the trader in the course of trade, (c) to prospective customers or ultimate consumers of the goods or services supplied by him, (d) calculated to injure the business or goodwill of another (i.e. that such injury is reasonably foreseeable) and (e) actual damage, or the possibility of actual damage, to the business or goodwill of the plaintiff.

(vii) In cases of alleged passing off, the Court, while examining the likelihood of causing confusion, is required to consider, in conjunction, *inter alia,*
(a) the nature of the market,
(b) the class of customers dealing in the product,
(c) the extent of reputation possessed by the plaintiff,
(d) the trade channels through which the product is made available to the customer and
(e) the existence of connection in the course of trade. The Supreme Court has also held that, in passing off action on the basis of unregistered trade marks, the Court is required to assess the likelihood of deception or confusion by examining
(i) the nature of the marks, i.e. whether there were demands/label marks/composite marks,
(ii) the degree of similarity between the competing marks,
(iii) the nature of the goods,
(iv) the similarity in nature, character and performance of the goods of the rival parties,
(v) the class of purchasers, and the degree of care which they would be expected to exercise while purchasing the goods, and
(vi) the mode of purchasing the goods and placing orders.

(viii) That the defendant is not producing the goods manufactured by the plaintiff may not be relevant, where the plaintiff' s mark is found to have sufficient reputation.

(ix) Courts are required to be doubly vigilant where passing off is alleged in respect of pharmaceutical products,

in view of the possibility of adverse effects resulting from administration of a wrong drug. For the said reason, the degree of proof is also lower, in the case of alleged passing of pharmaceutical products.

(x) Passing off differs from infringement. Passing off is based on the goodwill that the trader has in his name, whereas infringement is based on the trader's proprietary right in the name, registered in his favour. Passing off is an action for deceit, involving passing off the goods of one person as those of another, whereas an action for infringement is a statutory remedy conferred on the registered proprietor of a registered trade mark for vindication of its exclusive right to use the trade mark in relation to the goods in respect of which registration has been granted. Use of the trade mark by the defendant is not necessary for infringement, but it is a *sine qua non* for passing off. Once sufficient similarity, as is likely to deceive, is shown, infringement stands established. Passing off, however, may be resisted on the ground of added material, such as packing, procurement through different trade channels, etc., which would distinguish the goods of the defendant from those of the plaintiff and belie the possibility of confusion or deception."

9.6 The law trans-border reputation and "spillover"

9.6.1 The goodwill that the plaintiff must assert and establish, in order to succeed in a claim of passing off against the defendant has, therefore, to be goodwill in the mark in question, *in the jurisdiction in which the passing off action is brought*. Where, therefore, as in the present case, the appellant is alleging that the respondents are passing off their services as the services of the appellant, the appellant has to affirmatively prove that, within India, the appellant is possessed of the requisite degree of goodwill. Global goodwill or reputation is, therefore, of no value, unless it has percolated, or "spilled over" into

India. Spill over of goodwill, so as to make out a case of trans-border reputation is, therefore, the indispensable *sine qua non* for the appellant to succeed in its challenge to the respondents' mark on the ground of passing off.

9.6.2 A logical sequitur to this is that, where the respondents have also been using their mark in India for some time, the appellant would have to establish the existence of the requisite degree of goodwill in India, of the asserted marks, prior to the commencement of user of the mark under challenge by the respondents. In the event that there is no, or insufficient user, by the appellants, of the asserted mark(s) in India prior to the commencement of the respondent's user, the appellants would have to establish the existence of the requisite degree of goodwill by making out a case of spillover of trans-border reputation into India.

9.6.3 Three decisions of the Supreme Court generally inform and instruct any discussion on spillover of trans-border reputation into India, in the context of a passing off claim. They are ***N.R. Dongre v Whirlpool Corporation***[26], ***Milmet Oftho Industries v Allergan Inc.***[27] and ***Toyota***.

9.6.4 In ***N.R. Dongre***, the respondent Whirlpool Corporation[28] sued the appellant N R Dongre[29] for having manufactured and sold washing

[26] **(1996) 5 SCC 714**
[27] **(2004) 12 SCC 624**
[28] "Whirlpool" hereinafter
[29] "Dongre" hereinafter

machines under the mark 'WHIRLPOOL', thereby confusing and deceiving buyers into believing that they had been manufactured by Whirlpool. Though Whirlpool was located abroad, and had no subsisting trade mark registration in India, the Supreme Court upheld the decision of this Court to injunct Dongre, as Whirlpool had the necessary trans border reputation which had spilled over into India. This finding was returned on the basis of the following facts:

(i) Though there was no evidence of actual sales of Whirlpool appliances in India, Whirlpool had been frequently advertised and featured in international magazines having Indian circulation.

(ii) Whirlpool was trading in its products in several parts of the world and was also sending the products to India in a limited circle.

(iii) The worldwide reputation of Whirlpool was travelling trans border to India through commercial publicity made in magazines which were available or bought in India, in the strata of society which used washing machines.

9.6.5 In ***Milmet Oftho***, the appellant Allergan Inc[30] sued Milmet Oftho Industries[31] for having used the mark 'OCUFLOX' for eye

[30] "Allergan" hereinafter
[31] "Milmet" hereinafter

drops, in respect of which Allergan claimed to be the prior owner and user of the mark. Allergan had no registration of the mark in India, though it claimed to have several registrations worldwide. Applications, for registration of the mark, filed by Allergan and Milmet were, however, pending with the Indian Trade Marks Registry.

9.6.6 The learned Single Judge of the High Court declined injunction, holding that Allergan was not selling OCUFLOX drops in India, and that Milmet had first introduced the product in this country. An appeal, therefrom, was allowed by the Division Bench, on the premise that Allergan was first in the market.

9.6.7 The Supreme Court, in appeal, upheld the decision of the Division Bench, reasoning thus:

> "8. We are in full agreement with what has been laid down by this Court. *Whilst considering the possibility of likelihood of deception or confusion, in present times and particularly in the field of medicine, the courts must also keep in mind the fact that nowadays the field of medicine is of an international character. The court has to keep in mind the possibility that with the passage of time, some conflict may occur between the use of the mark by the applicant in India and the user by the overseas company. The court must ensure that public interest is in no way imperilled. Doctors, particularly, eminent doctors, medical practitioners and persons or companies connected with the medical field keep abreast of latest developments in medicine and preparations worldwide. Medical literature is freely available in this country. Doctors, medical practitioners and persons connected with the medical field regularly attend medical conferences, symposiums, lectures, etc. 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, which 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.*
>
> 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."
>
> (Emphasis supplied)

9.6.8 The following three important features of this decision merit mention:

(i) Firstly, it is necessary to note that, even in this case, the Supreme Court upheld the necessity of the existence of trans border reputation which has spilled over into India as a prerequisite for grant of relief. Given the peculiar nature of pharmaceutical products, the Supreme Court held that, by dint of extensive literature and advertisements, with which doctors were necessarily conversant, existence of worldwide reputation could be presumed.

(ii) Secondly, the Supreme Court, even in such a case and wilfull consciousness of the overwhelming public interest involved, deemed it necessary to enter a cautionary caveat, by holding that "multinational corporations, which 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".

(iii) Thirdly, the Supreme Court was also obviously influenced by the fact that the rival marks were identical, i.e. OCUFLOX. The case was, therefore, one of clear imitation.

9.6.9 ***Toyota*** is, perhaps, the most authoritative of the pronouncemenets on trans border reputation and spillover, in the context of passing off actions.

9.6.10 Toyota Jidosha Kabushiki Kaisha[32] was a manufacturer of automobiles, incorporated in Japan. Toyota instituted a suit against Prius Auto Industries Ltd.[33] in this Court, alleging infringement and passing off, by Prius, by use of the marks 'TOYOTA', 'TOYOTA INNOVA', 'TOYOTA DEVICE' and 'PRIUS'. Toyota claimed priority of user. Interlocutory injunction was granted, by a learned Single Judge of this Court, in favour of Toyota and against Prius, in

[32] "Toyota" hereinafter
[33] "Prius" hereinafter

respect of all these marks. Prius appealed to the Division Bench of this Court only against the injunction granted against use, by it, of the 'PRIUS' mark. The Division Bench allowed Prius' appeal, and set aside the injunction granted in favour of Toyota and against Prius, qua use of the 'PRIUS' mark by the latter. Toyota appealed to the Supreme Court.

9.6.11 Before the learned Single Judge, Prius contended that the mark 'PRIUS' had not been registered in favour of Toyota for any product, and no PRIUS car had been shown to have been sold in India so as to result in creation of any goodwill therein. The product itself not being in existence in India, Prius contended that there was no possibility of Indian customers identifying the defendant's registered 'PRIUS' trade mark with Toyota's products. Prius claimed, in fact, to be the first in the Indian market to manufacture add on accessories.

9.6.12 The learned Single Judge of this Court held that as (i) Toyota was the first in the world market to use the mark 'PRIUS', (ii) the goodwill and reputation of the brand 'PRIUS', given quantum of sales of 'PRIUS' cars and exponential rise thereof, and (iii) the permeation, into India, of the goodwill and reputation of Toyota in the mark 'PRIUS', Toyota was entitled to an injunction as sought. In arriving at the said decision, the learned Single Judge took into account (a) the fact that the plaintiff's websites had been visited by many Indians seeking information about Prius cars, (b) exhibitions of the car held in *India* and other countries, (c) advertisements in different

automobile magazines and cover stories in international magazines and journals, and (d) availability of information regarding the car in information-disseminating portals such as Wikipedia and Britannica. The learned Single Judge relied on ***N.R. Dongre*** and ***Milmet Oftho*** to hold that the Court was required to examine who was first in using the mark in the world market. Given the repute that the mark had earned internationally, which, according to the learned Single Judge, had permeated into India, Toyota was held to be entitled to an injunction.

9.6.13 The Division Bench of this Court disagreed with the learned Single Judge. It held that the learned Single Judge had taken into accounts facts pertaining to a period after the date of first use of the impugned PRIUS mark by Prius. The reportage, and advertising, of the launching of the Prius car by Toyota in 1997 was held not to be groundbreaking, and figured as small news items in select papers. The Division Bench held that the Universality doctrine (which posits that a mark signifies the same source the world over) had been replaced with the Territoriality doctrine (which recognized the separate existence of the trade mark in each country). Prior to April 2001, when Prius commenced use of the impugned PRIUS mark in India, internet penetration in the country was held to be limited, and insufficient to justify an inference of establishment, by Toyota, of its goodwill and reputation in India.

9.6.14 The Supreme Court, in its judgement, identified, at the outset, the three ingredients of passing off as goodwill of the plaintiff,

misrepresentation by the defendant, and damage suffered by the plaintiff as a consequence.

9.6.15 Paras 29 to 39 of the report, thereafter, deal with the territoriality doctrine, which applied to trade mark passing off in preference to the universality doctrine. They merit reproduction, *in extenso*, thus:

> "29. The view of the courts in UK can be found in the decision of the UK Supreme Court in ***Starbucks***[34] wherein Lord Neuberger observed as follows:
>
> > "52. *As to what amounts to a sufficient business to amount to goodwill, it seems clear that mere reputation is not enough…. The claimant must show that it has a significant goodwill, in the form of customers, in the jurisdiction, but it is not necessary that the claimant actually has an establishment or office in this country. In order to establish goodwill, the claimant must have customers within the jurisdiction, as opposed to people in the jurisdiction who happen to be customers elsewhere. Thus, where the claimant's business is carried on abroad, it is not enough for a claimant to show that there are people in this jurisdiction who happen to be its customers when they are abroad. However, it could be enough if the claimant could show that there were people in this jurisdiction who, by booking with, or purchasing from, an entity in this country, obtained the right to receive the claimant's service abroad. And, in such a case, the entity need not be a part or branch of the claimant : it can be someone acting for or on behalf of the claimant."*
>
> 30. It seems that in ***Starbucks***, the Apex Court of UK had really refined and reiterated an earlier view in ***Athletes' Foot Mktg. Associates Inc. v Cobra Sports Ltd.***[35], to the following effect:

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[34] **Starbucks (HK) Ltd v British Sky Broadcasting Group, (2015) 1 WLR 2628**

[35] **1980 RPC 343**

"... no trader can complain of passing-off as against him in any territory ... in which he has no customers, nobody who is in trade relation with him. This will normally shortly be expressed by stating that he does not carry on any trade in that particular country ... but the inwardness of it will be that he has no customers in that country ..."

31. A passing reference to a similar view of the Federal Court of Australia in ***Taco Bell v Taco Co. of Australia*[36]*,*** may also be made.

32. *Prof. Cristopher Wadlow's view on the subject appears to be that the test of whether a foreign claimant may succeed in a passing-off action is whether his business has a goodwill in a particular jurisdiction, which criterion is broader than the "obsolete" test of whether a claimant has a business/place of business in that jurisdiction. If there are customers for the claimant's products in that jurisdiction, then the claimant stands in the same position as a domestic trader.*

33. *The overwhelming judicial and academic opinion all over the globe, therefore, seems to be in favour of the territoriality principle. We do not see why the same should not apply to this country.*

34. To give effect to the territoriality principle, the courts must necessarily have to determine *if there has been a spillover of the reputation and goodwill of the mark used by the claimant who has brought the passing-off action.* In the course of such determination it may be necessary to seek and ascertain the existence of not necessarily a real market but *the presence of the claimant through its mark within a particular territorial jurisdiction in a more subtle form* which can best be manifested by the following illustrations, though they arise from decisions of courts which may not be final in that particular jurisdiction.

35. In ***LA Societe Anonyme Des Anciens Etablissements Panhard v Panhard Levassor Motor Co. Ltd.***[37], the plaintiffs were French car manufacturers who had consciously decided to not launch their cars in England (apprehending patent infringement). Nevertheless, some individuals had got them imported to England. It was seen that England was one of the plaintiff's markets and thus, in this case, permanent injunction was granted. Similarly

[36] **(1981) 60 FLR 60 (Aust)**
[37] **(1901) 2 Ch 513**

in ***Grant v. Levitt***[38], a Liverpool business concern trading as the Globe Furnishing Company, obtained an injunction against the use of the same name in Dublin as it was observed that advertisements by the plaintiff had reached Ireland and there were Irish customers.

36. ***C & A Modes v C & A (Waterford) Ltd.***[39], was a case where the plaintiffs operated a chain of clothes stores throughout the UK and even in Northern Ireland but not in the Republic of Ireland where the defendants were trading. The Court held that,

> "a very substantial and regular custom from the Republic of Ireland was enjoyed by this store. Up to that time an excursion train travelled each Thursday from Dublin to Belfast, and so great was the influx of customers from the Republic as a result of that excursion that the store ordinarily employed extra part-time staff on Thursday on the same basis as it did on Saturday which were normally the busiest shopping days."

The said view has since been upheld by the Irish Supreme Court.

37. Whether the second principle evolved under the trinity test i.e. triple identity test laid down in ***Reckitt & Colman Products Ltd. v Borden Inc.*** would stand established on the test of likelihood of confusion or real/actual confusion is another question that seems to have arisen in the present case as the Division Bench of the High Court has taken the view that the first test i.e. likelihood of confusion is required to be satisfied only in *quia timet* actions and actual confusion will have to be proved when the suit or claim is being adjudicated finally as by then a considerable period of time following the initiation of the action of passing-off might have elapsed. Once the claimant who has brought the action of passing-off establishes his goodwill in the jurisdiction in which he claims that the defendants are trying to pass off their goods under the brand name of the claimant's goods, the burden of establishing actual confusion as distinguished from possibility thereof ought not to be fastened on the claimant. *The possibility or likelihood of confusion is capable of being demonstrated with reference to the particulars of the mark or marks, as may be, and the circumstances surrounding the manner of sale/marketing of the goods by the defendants and such other relevant facts*. Proof of actual confusion, on the other hand, would require the claimant to bring before the Court evidence which may not be easily

[38] **(1901) 18 RPC 361**
[39] **1976 IR 198 (Irish)**

forthcoming and directly available to the claimant. In a given situation, there may be no complaints made to the claimant that goods marketed by the defendants under the impugned mark had been inadvertently purchased as that of the plaintiff claimant. The onus of bringing such proof, as an invariable requirement, would be to cast on the claimant an onerous burden which may not be justified. Commercial and business morality which is the foundation of the law of passing-off should not be allowed to be defeated by imposing such a requirement. In such a situation, likelihood of confusion would be a surer and better test of proving an action of passing-off by the defendants. Such a test would also be consistent with commercial and business morality which the law of passing-off seeks to achieve. In the last resort, therefore, it is preponderance of probabilities that must be left to judge the claim.

38. The next exercise would now be the application of the above principles to the facts of the present case for determination of the correctness of either of the views arrived at in the two-tier adjudication performed by the High Court of Delhi. *Indeed, the trade mark "Prius" had undoubtedly acquired a great deal of goodwill in several other jurisdictions in the world and that too much earlier to the use and registration of the same by the defendants in India. But if the territoriality principle is to govern the matter, and we have already held it should, there must be adequate evidence to show that the plaintiff had acquired a substantial goodwill for its car under the brand name "Prius" in the Indian market also. The car itself was introduced in the Indian market in the year 2009-2010. The advertisements in automobile magazines, international business magazines; availability of data in information-disseminating portals like Wikipedia and online* Britannica Dictionary *and the information on the internet, even if accepted, will not be a safe basis to hold the existence of the necessary goodwill and reputation of the product in the Indian market at the relevant point of time, particularly having regard to the limited online exposure at that point of time i.e. in the year 2001. The news items relating to the launching of the product in Japan isolatedly and singularly in The Economic Times (issues dated 27-3-1997 and 15-12-1997) also do not firmly establish the acquisition and existence of goodwill and reputation of the brand name in the Indian market. Coupled with the above, the evidence of the plaintiff's witnesses themselves would be suggestive of a very limited sale of the product in the Indian market and virtually the absence of any advertisement of the product in India prior to April 2001.* This, in turn, would show either lack of goodwill in the

domestic market or lack of knowledge and information of the product amongst a significant section of the Indian population. *While it may be correct that the population to whom such knowledge or information of the product should be available would be the section of the public dealing with the product as distinguished from the general population, even proof of such knowledge and information within the limited segment of the population is not prominent*.

39. *All these should lead to us to eventually agree with the conclusion of the Division Bench of the High Court that the brand name of the car Prius had not acquired the degree of goodwill, reputation and the market or popularity in the Indian market so as to vest in the plaintiff the necessary attributes of the right of a prior user so as to successfully maintain an action of passing-off even against the registered owner*. In any event the core of the controversy between the parties is really one of appreciation of the evidence of the parties; an exercise that this Court would not undoubtedly repeat unless the view taken by the previous forum is wholly and palpably unacceptable which does not appear to be so in the present premises."

(Italics and underscoring supplied)

9.7 Observations and findings in the impugned judgment on the aspect of goodwill

9.7.1 We may, now, examine the findings of the learned Single Judge on the aspect of goodwill, and the existence of trans-border reputation in the "KW marks" asserted by the appellant.

9.7.2 The learned Single Judge has, in sub-paras (A) and (B) of para 12 of the impugned judgment, observed and held, in this regard, thus:

"(A) Though, the Supreme Court in ***Neon Laboratories Ltd.***[40] and in ***Milmet Oftho Industries v Allergan Inc.***, applied the 'first in the market' test and held that the mere fact that the plaintiff

[40] **Neon Laboratories Ltd v. Medical Technologies Ltd, (2016) 2 SCC 672**

had not been using the mark in India would be irrelevant if they were first in the world market, but the same, in ***Milmet Oftho Industries*** was held in the context of drugs and medicinal products and after holding the field of medicine to be of an international character and in ***Neon Laboratories Ltd.***, again in the context of drugs and medicinal products, and after finding, the defendant, though to be a prior registrant having not used the mark till after registration and commencement of use of the mark by the plaintiff therein. Thereafter, in ***Toyota Jidosha Kabushiki Kaisha***, after noticing the view in ***Milmet Oftho Industries***, final decree in a suit for permanent injunction restraining passing off was declined, holding (a) that the plaintiff was first worldwide user of the mark but the defendants were the first user of the mark in India; (b) that the first use by the plaintiff outside India of the mark did not have much reportage in India; (c) that the territoriality doctrine (a trade mark being recognised as having a separate existence in each sovereign country) holds the field; (d) that prior use of the trade mark in one jurisdiction would not *ipso facto* entitle its owner or user to claim exclusive rights to the said mark in another dominion; (e) that it is necessary for the plaintiff to establish that its reputation has spilled over the Indian market prior to the commencement of the use of the trade mark by defendants in India and which was not established in that case; (f) the test of possibility/likelihood of confusion would be valid in a qua timet action and not at the stage of final adjudication of the suit, at which stage the test would be one of actual confusion and in which respect no evidence had been led by the plaintiff; (g) that *it is essential for the plaintiff in a passing off action, to prove his goodwill, misrepresentation and damages; the test is whether a foreign claimant has a goodwill in India; if there are customers for the product of the foreign claimant in India, then the foreign claimant stands in the same position as a domestic trader*; and, (h) *else what has to be seen is whether there has been a spill over of the reputation and goodwill of the mark used by the foreign claimant, into India; if goodwill or reputation in India is not established by the plaintiff, no other issue really would need any further examination to determine the extent of plaintiffs right in an action for passing off.*

(B) Applying the aforesaid law, (i) the present case is not concerned with field of medicine, which was held to be of an international character; *(ii) the plaintiff herein, till date has no business, customers, agents or franchisees in India and has not been instrumental in establishment and/or operation of any real estate brokerage in India; (iii) save for producing e-mails from*

> *some Indians expressing interest in becoming agents of the plaintiff in India, the plaintiff has not been able to show spill over of its reputation and goodwill in India;* (iv) the business of brokerage in real estate, in India is very different from the said business in USA; a distinct from USA, in India, no qualifications or permissions are required for setting up a business of real estate brokerage and the said business is not regulated; (v) though certain foreign brands as Coldwell Banker, RE/MAX, Jones Lang LaSalle, Cushman and Wakefield have entered the business of real estate brokerage in India but *the plaintiff, in spite of obtaining registration of its trade mark in India nearly 8 years back in the year 2012 with intention to set up business in India, has till date not entered India*; (vi) there are no rights in a trade mark without use/utilization thereof; (vii) mere ownership or even registration of a mark does not lead to any presumption of the mark having a reputation and goodwill, even in the territories where the mark is being used; the plaintiff, while applying for registration of the mark, did not claim any use, in India, of the mark, by spill over of reputation and goodwill from another territory to India; *the plaintiff has not made out any case of any use or spill over of goodwill and reputation, since registration; and, (viii) the plaintiff, even at this stage, without establishing before this Court reputation and goodwill outside India and such reputation and goodwill having spilled over to India, prima facie, cannot restrain the defendants from passing off their services as that of the plaintiff or infringing its trade mark.* The plaintiff has failed to make out a *prima facie* case."
>
> (Emphasis supplied)

9.8 Rival Contentions

9.8.1 Submissions of Mr. Jayant Mehta for the appellant

9.8.1.1 Arguing for the appellant, Mr. Jayant Mehta admits that as many as eleven applications for rectification of the Register of Trade Marks, under Section 57 of the Trade Marks Act, have been filed by the appellant for removal, therefrom, of the registered trade

marks of Respondent 1. Ten of these applications, he submits, were filed even before institution of the suit. He concedes, however, that the learned Single Judge has not proceeded in terms of Section 124 of the Act.

9.8.1.2 Mr. Mehta further submits that the KW marks were registered in the US on 24 March 1998, with a user claim of 21 December 1994. Insofar as trans-border reputation is concerned, Mr. Mehta emphasises the following facts:

(i) The Wayback Machine website indicates that, between 24 December 1996 and 4 February 2019, the website kw.com was accessed 12,607 times from India. He has also referred, in this context, to the number of times the website was accessed on a state-wise basis.

(ii) Data available on the web indicates that the appellant ranked 100th in the list of Global Franchises.

(iii) Mr. Mehta has also relied on the following advertisement which figured on the 26 September 2015 edition of the "Billboard" Magazine which, he submits, though a magazine released in the US, is available in India:

(iv) Mr. Mehta further relies on the "New York" magazine of 5 to 18 October 2015 which, too, makes reference to the appellant.

9.8.1.3 We deem it appropriate also to reproduce para 5 of the written submissions filed by the appellant, which set out the grounds on which the appellant claims trans-border goodwill of its "KW" mark in India, thus:

> 5. Plaintiff's presence in India- SJ has given a very narrow meaning to the word "use" in contravention of settled law. SJ has held that the Plaintiff has no business presence in India, despite the fact that-
>
> a. Plaintiff adopted the KW Marks since as early as 1994 and enjoys extensive goodwill and reputation worldwide including in India.
>
> b. Many Indians/ NRIs are agents/ associates of the Plaintiff.

c. Plaintiff has extensive presence in the cities around the world which are highly habituated or visited by Indians or persons of Indian origin;

d. Plaintiff's KW Agents have been attending conferences in India;

e. Plaintiff's website (www.kw.com) was registered in 1995, regularly accessed by Indians. Plaintiff has been able to locate documents evidencing access to its website from users in India since 2005 (i.e. prior to the alleged adoption of impugned marks by Defendants);

f. Plaintiff has been recognized as one of the highest rated real estate companies by numerous publications, including Entrepreneur Magazine and Forbes, which have circulations in India.

g. Plaintiff's founder has written various acclaimed & popular books on real estate affairs, having circulations in India and few of these books have also been translated into native Indian languages."

9.8.1.4 Mr. Mehta further submits that, while, in Form 1A filed by it under the Companies Act, 1956 and in the GAR 7 Challan submitted by the revenue authorities, the respondents have represented that the acronym "KW", as used by it, stood for "Kesarwani World", it had, on its website, represented thus:

Thus, submits Mr. Mehta, the letters "K" and "W", in the respondents "KW" Mark stood for "Krafting the World". The respondents had, therefore, misrepresented facts in its statutory declarations. This also indicates, according to Mr. Mehta, that the adoption of "KW", as part of its logo, by the respondents, was *mala fide*. This fact is reinforced by the abandonment, by the respondent, of as many as 38 applications, for registration of the "KW" mark in various Classes.

9.8.1.5 In view of these facts, Mr. Mehta submits that the appellant was entitled to an injunction against the use of the mark "KW" by the respondents. The appellations to "KW", as employed by the respondents, such as "Delhi-6", "Power Pvt Ltd" and "Securities and Services Pvt Ltd" did not mitigate the effect of the use, by the respondents, of "KW", which remained the dominant and most prominent part of the respondents' marks. Inasmuch as the appellant and respondents were both involved in the real estate business, the use of "KW" by the respondents was bound to result in confusion in the market, and customers would be likely to assume some association between the appellant and the respondents.

9.8.2 Submissions of Mr. Akhil Sibal for the respondents

9.8.2.1 Mr. Sibal submits, per contra, that the respondents have user of their mark since 2006, and that the mark figures in advertisements from 2010. As such, the user, by the respondents, of their mark, pre-dates the user, as well as the registration, by the

appellant, of the 'KW' mark in India. The respondents are, therefore, entitled to the protection of Section 34 of the Trade Marks Act, and cannot be injuncted from using its mark.

9.8.2.2 Inasmuch as the appellant and the respondents are both proprietors of registered marks, Mr. Sibal submits that there can be no question of infringement. In order to succeed in a claim of passing off against the respondents, the appellant would have to establish accumulation of sufficient goodwill prior to 2006, when the respondents commenced using their mark. No evidence to that effect is forthcoming. The emails to which the appellant refers are of 2017-2018. The website visits, on the kw.com website, from the Wayback Machine site, too, span a period from 18 June 2008 to 18 June 2018, without any indicator of the number of visits during any particular period of time. It was not possible, therefore, from the said data, to ascertain number of visitors prior to 2006.

9.8.2.3 In the absence of any evidence of pre-2006 goodwill in India of the 'KW' mark of the appellant, Mr. Sibal submits that it cannot be contended that the adoption, by the respondents, of their mark, was dishonest. He further submits that, though the learned Single Judge has expressed some misgivings with respect to the explanation tendered by the respondents for adopting the acronym "KW" as an abbreviation for "Kesarwani World", he has not found that the adoption is dishonest.

9.8.2.4 Finally, Mr. Sibal relies on paras 28, 29, 32, 34 and 35 of ***Toyota*** to submit that no case of trans-border reputation, as could sustain a claim of passing off, had been made out by the appellant.

9.9 To our mind, it is clear that, applying the ***Toyota*** standards, no case of penetration, into India, of the goodwill commanded by the appellant abroad, has been made out. There is woefully little to support the appellant's stand in that regard. In fact, in ***Toyota***, despite much more material having been advanced by Toyota before the Supreme Court, it was held that the requisite degree of spillover of transborder goodwill into India had not been made out. In the present case, in actual fact, the only material that Mr. Mehta is able to rely on are the "hits" on the kw.com website, as available on Wayback Machine.

9.10 As Mr. Sibal correctly points out, the appellant would have to establish penetration of trans-border goodwill into India prior to 2006, when the respondents commenced use of its mark.

9.11 "Goodwill", in such cases, we may observe, has two facets, one *vis-à-vis* the defendant and the other *vis-à-vis* the consuming public.

9.12 Passing off is, fundamentally, distinct from infringement. Infringement involves a mere mark-to-mark analysis. The defendant may be wholly innocent, and a case of infringement may still be made out, warranting an injunction. Infringement is a statutory tort, its limits

and peripheries being exhaustively delineated in the various sub-sections of Section 29 of the Trade Marks Act. Where infringement, within the meaning of Section 29, is found to exist, the proprietor of the registered trade mark which has been infringed is entitled, by Section 28(1), to relief against infringement which, by operation of Section 135, includes injunction as well as damages.

9.13 As against this, passing off is a tort of deceit, relatable to common law, even if actual proof of *mala fides* is not a *sine qua non* to maintain a claim of passing off in every case. As the expression itself suggests, the tort of passing off involves an attempt, by one person, to pass off his goods, or services, as those of another, *inter alia* by using a mark which is confusingly similar to the mark of the other. It is but natural that such an attempt would be made only where the latter mark commands goodwill in the market. This is the aspect of goodwill which has to be established by the plaintiff, *vis-à-vis* the defendant, to succeed in a claim of passing off.

9.14 The second aspect of goodwill, which assumes greater significance in a case where the plaintiff is seeking to rely on trans-border reputation, is the goodwill commanded by the asserted mark with the consuming public in India. An act of passing off of the goods or services of one person as those of another involves two *dramatis personae* – the alleged tortfeasor and the consumer. If the consumer is unlikely to be deceived by the alleged tortious act of the defendant, no tort of passing off is committed. In a case of trans-border reputation,

the plaintiff would have to establish not only that his mark commanded the requisite goodwill in India as would incentivise the defendant to use an identical or deceptively similar mark so as to capitalize on the plaintiff's goodwill, but that the goodwill has penetrated to the consuming public as well. This is because, if the consuming public is unaware of the plaintiff's mark, there is little or no chance of deception. Especially in a case where goodwill is being sought to be asserted on the basis of trans-border reputation, there is a distinction between awareness of the mark *in the trade* and awareness of the mark *in the consuming public*, and the trans-border reputation of the mark has to penetrate *both these realms* in order for a passing off action to succeed.

9.15 The appellant, in our view, has not succeeded in making out a case of trans-border reputation, by penetration of its asserted worldwide goodwill into India, on either of these fronts. The listing, of the appellant, as the 100th ranked Global Franchise makes out, at best, a case of global reputation, not of penetration of that reputation into India. There is no evidence of any purchase or reading of the Billboard or New York magazines by the consuming Indian public. The fact that Indians, or NRIs, abroad, are agents of the appellant, too, does not indicate any goodwill of the "KW" mark of the appellant in India. The other factors cited in para 5 of the appellant's written submissions, such as visits, by Indians, to cities where the appellant has a presence, or agents of the appellant attending conferences in India, or the translation of a few books written by the appellant's

founder into Indian languages, too, do not make out a case of penetration, into the Indian market, of the appellant's global goodwill.

9.16 We are in entire agreement with the learned Single Judge, therefore, that the appellant has not succeeded in making out a case of trans-border reputation, by way of penetration, into India, of its asserted global goodwill, so as to enable it to succeed in a case of passing off. As held by the Supreme Court in ***Toyota***, absent evidence of goodwill of the plaintiff's mark in India, similarity, or even identity, of the marks of the plaintiff and defendant would not suffice to arrive at a finding that the defendant is passing off its goods or services as those of the plaintiff.

10. The appellant cannot, therefore, succeed in making out a *prima facie* case of passing off against the respondents. Inasmuch as there is no question of infringement, the learned Single Judge was correct in dismissing the appellant's application under Order XXXIX Rules 1 and 2 of the CPC.

Conclusion

11. For the foregoing reasons, we find no cause to interfere with the impugned judgment.

12. The appeal is accordingly dismissed.

C. HARI SHANKAR, J

OM PRAKASH SHUKLA, J

AUGUST 6, 2025/AR