

Exide Technologies Vs. Exide Industries Ltd. and Others

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Court : Delhi

Decided On : Aug-02-2016

Judge : S. Ravindra Bhat & Najmi Waziri

Appeal No. : RFA (OS) No. 113 of 2012, CM Appl. No. 1673, 6324 of 2013 & 9066 of 2014

Appellant : Exide Technologies

Respondent : Exide Industries Ltd. and Others

Judgement :

S. Ravindra Bhat, J.

1. This is an appeal against the judgment dated 05.09.2012 of a Learned Single Judge of this Court, whereby CS(OS) No. 812/1997 (hereafter the suit) filed by Exide India/ the first plaintiff (hereafter called the plaintiff or Exide India) against the Appellants, - (hereafter referred to as the defendant or Exide US), was decreed and Exide US s counterclaim was dismissed. The impugned judgment held:

a) Exide India is the registered proprietor of the trademark EXIDE ;

b) Exide India is also the prior user of the trademark in India and, therefore, owner of the trademark EXIDE in India inasmuch as Exide US failed to plead and prove

existence of special circumstances.

c) Exide US- the first two defendants were enjoined from selling their goods using their trade name with the trademark EXIDE of ExideIndia or any other name/mark deceptively similar thereto.

2. The brief facts of the case are that the first defendant, Exide Technologies (earlier known as Exide Corporation USA), claims to be one of the largest manufacturers of automotive batteries in the world and the global owner of the mark EXIDE in at least 130 countries. The second defendant is incorporated under Indian laws and the subsidiary of the said first defendant/Exide US. The plaintiff, Exide India is an Indian company and claims to be the owner of the mark EXIDE in India on the bases that it is the registered owner of the trademark and that it is the prior user of the mark in India. Accordingly, when Exide US sought to use the mark/name EXIDE with respect to its products, the plaintiff, Exide India instituted the suit for permanent injunction against the defendants from using the mark EXIDE in any manner whatsoever. This culminated in the impugned judgment. Plaintiff Nos. 2 to 9 are pro-forma parties in the present appeal and no relief has been sought against them.

Rival Averments in the proceedings:

Plaint

3. The plaintiff/Exide India claimed that it is engaged in the business of manufacturing and selling high quality automotive batteries under the brand name EXIDE and its variants in India. It avers that its predecessors had been carrying on that business under this brand since 1920, when Chloride Eastern Storage Co. (UK) (hereafter referred to as CESCO) its predecessor-in-interest - set up trading operations in India. Exide India/plaintiff claims to be well known all over the country as the source of technically higher and superior quality batteries bearing the trade- mark EXIDE .

4. Exide India/plaintiff avers that the first Chloride factory was set up at Shyamnagar, West Bengal in 1946 by CESCO. In 1947, the British operations of

CESCO were sold to Chloride Group plc and two Indian companies were formed: Associated Battery Markers (Eastern) Ltd. (hereafter referred to as ABMEL) and Chloride and Exide Batteries (Eastern) Ltd. (hereafter referred to as CEBEL). In 1972, ABMEL s name was changed to Chloride India Ltd. In 1988, Chloride India Ltd. was renamed as Chloride Industries Ltd. It is further stated in the plaint that Chloride Industries Ltd. was part of the Chloride Group Plc (UK) till 1987 when Chloride Eastern Industries Ltd (CEIL) was formed in Singapore, incorporating business of Chloride Group plc in Singapore, Malaysia, Sri Lanka and India. The subsidiaries of Chloride Group plc in these countries then allegedly came under CEIL (Singapore).

5. Exide India/plaintiff claims that by a Deed of Assignment for Sale and Purchase of Shares dated 03.01.1991, Chloride Group plc (UK) sold its shares in Chloride Eastern Industries Ltd. to Tech Trade (Singapore) plc. A Technical and Marketing Agreement dated 26.01.1988 transferred the exclusive ownership of trademarks including CHLORIDE and EXIDE to Chloride Industries Ltd. Exide India/plaintiff states that it acquired the exclusive right to use the mark EXIDE in India by the said Agreement. Chloride Industries Ltd. was renamed to Exide Industries Ltd. on 25.08.1995. Exide India/plaintiff submits that its presence in the Indian market with the mark EXIDE is tangible and widespread and its impeccable reputation for quality products has rendered it very popular. Exide India/plaintiff and/or its predecessors-in-interest have been creating and selling qualitatively superior batteries under the mark EXIDE for more than 50 years, which is evident from, inter alia, Exide India/plaintiffs sales figures and the awards won by it. Because of the widespread publicity of the mark EXIDE, the identity of Exide India/plaintiff has become intertwined with the said mark.

6. Exide India/plaintiff further submits that it is the subsequent proprietor of the mark EXIDE and its variants, which were originally owned by Chloride Group plc its predecessors-in-interest. The registration of the trademark was duly assigned in favor of Exide India/the first plaintiff and the goodwill and reputation that its predecessors had acquired also vested in it. Exide India/ the plaintiff submits that it is the registered proprietor of the marks, inter alia, EXIDE (registration application no. 694, class 9) and IRONCLAD-EXIDE (registration application no. 697, class 9).

7. It is claimed that the earliest registration of the mark EXIDE in India was in 1942 and by an agreement dated 07.02.1978 made between Chloride Group Ltd. and Exide India/plaintiff, Chloride Group plc had agreed to assign and transfer the trademark EXIDE to Exide India/plaintiff subject to the terms and conditions specified therein. In pursuance of this agreement, Exide India/plaintiff executed a Deed of Assignment dated 02.06.1980 whereby Exide India/plaintiff reassigned and re-transferred to the Chloride Group plc the said trademarks with the intent that the said reassignment and re-transfer would take place on the occurrence of certain events specified in the Fourth Schedule to the said Agreement. However, the said re-assignment never took place. Exide India/the first plaintiff, contends that it is the exclusive proprietor of the mark EXIDE in India by virtue of obtaining registration of the said mark under No. 366539 as of 22.09.1980. It is submitted that Exide India and its predecessors-in-interest are the first in India to use the word EXIDE and register it as its trademark under the Trade and Merchandise Marks Act, 1958.

8. Exide India/the first plaintiff alleges that in 1991, Chloride Group plc sold all its shares in Chloride Eastern Industries (Singapore) to Tech Trade (Singapore) plc Ltd. by a Deed of Sale and Purchase of Shares dated 03.01.1991, and in 1992 the Chloride Group plc assigned its marks, including EXIDE, to Chloride Eastern Industries Ltd. (Singapore) which is the holding company of Exide India/plaintiff. Under Clause 6.3.1 of the said Deed, the exclusive ownership of trademarks, including EXIDE, were to be transferred to Chloride Industries Ltd. (India). The first plaintiff, thus, submits that prior to 1978, it was the registered user of the mark EXIDE and after 1978, the rights in the said mark devolved on Exide India/plaintiff and/or its predecessors.

9. Exide India further states that in February 1997, it came across advertisements in newspapers in different cities comprising of the mark EXIDE with identical script style (as one used by it (Exide India)) revolving on the surface of a globe and the goods were similar to its goods. The advertisements were about Exide US and were meant to mislead the consumer, as a man of average intelligence would have confused the said advertisement to that of Exide India/plaintiff's product. Thus, Exide India/plaintiff sought the following reliefs in the Suit:

- a) Perpetual injunction to restrain the defendants by themselves, their agents or servants or otherwise from using the trademark/word/name EXIDE in respect of goods or for the purpose of publicity or propaganda in any manner whatsoever;
- b) Perpetual injunction to restrain the defendants by themselves, their subsidiaries, agents or servants or otherwise from infringing or in any way using the registered trade mark EXIDE, by using the said mark or any other deceptively similar word in their advertisements or on their goods in any manner whatsoever;
- c) Perpetual injunction restraining the defendants by themselves, their subsidiaries, agents or servants or otherwise from passing off their business or goods as those of the plaintiff by making use of the mark EXIDE, whether in isolation or in combination with other words, in respect of goods or other commercial operations inclusive of advertisement/publicity campaign.
- d) An enquiry and order for rendition of accounts by defendants and decree for such sums as may be found due upon taking such enquiry.
- e) Damages of Rs.20 lakhs towards wrongful loss or damages occasioned to the Plaintiff as a result of the defendants wrongful and illegal action in using the mark/word EXIDE.
- f) Costs of the suit.
- g) Such other and further reliefs as may be deemed fit and proper in the facts and circumstances of the case and in the interest of justice.

Written Statement

10. Exide US contended- in the written statement-that they are prior users of the mark EXIDE. The first defendant is a corporation incorporated under the laws of State of Delaware in the United States of America. Its predecessor M/s Electric Storage Battery Company - was incorporated in USA on 05.06.1988. The second defendant, an Indian company, is an indirect subsidiary of Exide US. Exide US claims to be the successor to the originator and first user of the mark EXIDE worldwide, including India, and claims to have the right to use the same in India.

11. The first defendant/Exide US, claims that till 1947, it was directly and by itself - and through its agents and dealers, marketing batteries in India under the EXIDE trademark. No batteries were in fact manufactured in India up to 1960. From 1920 to 1960, batteries manufactured, inter alia, by ESBC were imported into India by FandC Osler Ltd. Exide US submitted that the first battery to use the mark EXIDE was manufactured by ESBC in 1900. It further states that Exide India/the first plaintiff had no manufacturing capability in India till 1960 and till 1978 Exide US was the registered user of the trademark EXIDE and consequently, the plaintiff did not have any proprietary rights in the trademark EXIDE. It is submitted that Exide India/the first plaintiff is the successor-in-interest of the first defendant/Exide US and therefore, prior use of the mark EXIDE in India belongs to the first defendant/Exide US.

12. The defendants further contend that the agreements relied upon by Exide India do not establish that the trademark EXIDE was validly assigned to it, and that Exide India/the first plaintiff has not placed all the relevant agreements in this regard on record. Further, it is submitted that Exide India's name was changed in a deliberate attempt to show an association with the first defendant/Exide US, which is the world's largest and oldest battery manufacturer, and that Exide India was trying to take advantage of Exide US goodwill and reputation. In various places in the pleadings, Exide US emphasizes that it was the originator of the word EXIDE and owned registered trademarks; it also submits that Chloride Electrical Storage Syndicate (a UK company later known as Chloride Group Plc) had entered into a series of agreements with the Electrical Storage Batteries Co (ESBC, i.e., Exide US predecessor) in 1891, 1892 and 1895. The last of these, the Harvey Agreement provided for interchange of technical information between the two companies and conferred reciprocal rights in regard to patents and commercial exploitation on an exclusive geographical basis. Chloride enjoyed these rights exclusively on a geographical basis for UK and the British Empire. That document was produced as Ex. DW-1/28. It is therefore contended that Chloride's use later in India, was really for and on behalf of Exide US. The defendants also contended, in the suit that a subsequent development, by way of decree of the US District Court, on 24.11.1947, in anti-trust proceedings, resulted in Exide US being restrained from proceeding with the Harvey agreement. It also had to desist

participating in Chloride's management and was divested of the rights as a shareholder. This, coupled with India's restrictive trade policies, which curtailed foreign investments, prevented its brand EXIDE and products under that mark, being sold in India, after 1960.

13. The defendants have also challenged the validity of registration of the mark EXIDE by Exide India/the first plaintiff on the ground that the latter, Exide India had not disclosed all the relevant facts before the Registrar of Trade Marks and consequently, the registration was duplicitously obtained. According to the defendants, Exide India failed to disclose that the trademark was first registered in India in 1942 by CESCO, where the first defendant/Exide US had a majority shareholding. Further, in terms of the agreements dated 07.02.1978 relied upon by Exide India, the mark EXIDE had to be re-assigned by it to the assignor/original owner.

14. The defendants/Exide US challenge Exide India's claims regarding the sale figures produced by them and the allegedly high levels of market shares. They also contend that since Exide India used the mark EXIDE as the registered user, such use is deemed to be by the registered proprietor and not Exide India. The defendants also filed a counter-claim stating that Exide India was liable for passing off its products as those belonging to it.

Impugned Judgment

15. The learned Single Judge held in favor of Exide India and decreed the suit. He held that it was an indisputable fact that in the record of the Registrar of Trademarks, Exide India was the owner of the mark EXIDE. Notwithstanding the defendants' contentions that the registration was fraudulent, the learned Single Judge noted that a civil court was required to take it at face value, till its cancellation by the Registrar of Trademarks, following proper proceedings. According to the learned Single Judge, the Court was not authorized to go into the question of the validity or invalidity of the trademark. According to Section 56 of the Act, the High Court or the Registrar to whom the application for cancellation is made, has the jurisdiction to decide that issue. This impliedly excluded the

jurisdiction of the present court to do the same.

16. The Single Judge also held that under S.111 of the Act, a civil court could refuse to proceed on a claim for injunction in one of two circumstances: first, if prior to the filing of the suit, the defendant had already applied to the appropriate forum for cancellation; and secondly, if, upon an application filed seeking the leave of the court to challenge the validity of the trademark before the appropriate forum, the court was prima facie convinced that the trademark was invalid, then, it could stay the proceedings to enable the defendant to file for cancellation. In all other events, the suit would continue on the assumption that the trademark was valid. The learned Single Judge held that since Exide US had filed no such application in the present case, the proceedings could not be stayed and the Court would be obligated to proceed on the assumption that the mark EXIDE is valid.

17. On merits, the Learned Single Judge held that the defendants/Exide US had infringed Exide India's trademark and were also liable for passing off the said mark. The learned Single Judge rejected the defendants' plea of prior use on the ground that they had not used the mark EXIDE in India since 1950 and there did not exist any special circumstances to justify the non-use of the mark by Exide US. The Learned Single Judge rejected the defendant/Exide US's reliance on *Hardie Trading v. Addison Paints and Chemicals Ltd.* 2003 (11) SCC 92 on the ground that they had not taken the defense of special circumstances in their pleadings and that in any case, such defense is factual in nature and it did not exist on facts herein. Therefore, the learned Single Judge granted a decree in favor of Exide India and restrained Exide US/the first defendant from selling their goods or having their trade name with the trademark 'EXIDE' or any other name/mark deceptively similar thereto.

Arguments of the Appellants/Exide US:

18. The Appellants' submissions can broadly be stated as follows:

a. Exide India/the first plaintiff indulged in gross and material suppression and concealments while obtaining the ex-parte order of injunction as well as at the stage of final arguments.

b. Exide US is the prior user of the mark EXIDE , both globally aswell as in India. Exide India/the first plaintiff s predecessor-ininterestacquired rights in the word EXIDE from the firstdefendant/Exide US s predecessor-in-title and thus, Exide India/thefirst plaintiff has no independent right in the mark itself. Exide India/plaintiff s rights are inferior to that of the first defendant/Exide US.

c. Exide US did not abandon the use of the mark EXIDE in India. Itcould not use the mark EXIDE in India from 1947 to 1991 in lightof special circumstances .

d. In light of the above, Exide US is the legal owner of the mark EXIDE and cannot be restrained from using thesaid mark in India. Axiomatically, Exide India/the first plaintiff is liable for passing off its products as that of Exide US.

19. Developing the above submissions Ms. Pratibha Singh, learned senior counsel for the defendant/Exide US submitted that Exide India has concealed the entire history of the EXIDE mark as well as the relationshipbetween Exide India/plaintiffs, Chloride Group Plc and Exide US. Exide US contends that the mark EXIDE was coined by its predecessor ESBC from the words Excellent Oxide . It relies on Exhibit DW1/25, ExhibitDW1/41, Exhibit DW1/42 and Exhibit DW1/43 and the deposition of DW1 in support of this contention. The defendant/appellants contend that the deposition of PW1 in this regard was evasive or unsupported by any documentary record. Learned Senior Counsel further submitted that Exide US is proprietor of the mark EXIDE in 130 countries. It has registered thesaid mark and its derivatives globally, sold EXIDE products since 1900 globally and advertised and protected the same.

20. The defendants/Exide US contend that the alleged predecessor-ininterest of Exide India/first plaintiff CESCO got the name EXIDE from it, i.e., Exide US. It is argued that ESBC incorporated CESCO in England on 12.12.1891. It is alleged that it was the admitted position of Exide India/first plaintiff in the final arguments before the learned Single Judge that CESCO was an affiliate of ESBC, and has taken a contradictory stand in the cross objection. The learned Single Judge specifically observed that CESCO was permitted to use the mark EXIDE since it was a group company of ESBC. It is further submitted that from 1920 to about 1950, ESBC and CESCO imported batteries from USA and UK through a common

dealer, M/s FandC Osler Ltd. In fact, the impugned judgment (in para 12) records that Exide India/the first plaintiff did not dispute that Exide US was the prior user of EXIDE even in India from 1902 to 1950. Since Exide India/the first plaintiff is admittedly CESCO's successor, it cannot claim any superior rights in the mark beyond the actual owner, i.e. Exide US. Reliance is placed on the decisions in *N.R. Dongre v. Whirlpool Corporation*, 1996 PTC 16 (SC); *Milmet Oftho Industries v. Allergen Inc*, (2004) 12 SCC 624; *Jolen Inc v. Shobanlal*, MIPR 2010 (2) 176; *Austin Nichols and Co. v. Arvind Behl*, 2006 (32) PTC 133 (Del); *Corning Inc v. Raj Kumar Garg*, 2004 73 DRJ 649; *Caesar Park Hotels and Resorts Inc v. Westinn Hospitality Services Ltd.*, AIR 1999 Mad 396.

21. The defendants/Exide US submit that till 1978, the first plaintiff was only a licensee of CESCO and consequently did not possess any proprietary rights in the mark EXIDE. The Deed of Assignment in 1978 (Exhibit P-114) between Chloride Group UK and Chloride India Ltd. recognizes that Chloride India Ltd. was only a registered user till 1978. Under Section 48 of the Act, the right of the registered user is that of a licensee and the use by the registered user accrues to the proprietor or the licensor. Exide US submits that Exide India, whose predecessors derived the right to use the mark EXIDE in India from the defendant (Exide US's) predecessor-in-interest, cannot be better placed than itself. The Defendant/Appellants rely on the decisions in *Wander limited v. Antox India (Pvt.) Limited*, (1990) Suppl. SCC 727; *Usha International (India) v. Omicron Electronics GMBH*, 114 (2004) DLT 740; *Baker Hughes Ltd. v. Hiroo Khushlani*, 2004 (29) PTC 153 (SC).

22. The defendants/Exide US submit that the Single Judge has overlooked their contention regarding the fraudulent nature of the assignment of the mark EXIDE to Exide India/the first plaintiff. According to Exide US, the supposed assignment of the mark EXIDE and its derivate to Exide India through assignment dated 07-02-1978 was conditional and that there was a re-assignment of the rights. Clause 2 of the 1978 assignment, which deals with such re-assignment, was absent in the document filed before the Trade Marks Registry. Further, the records from the Trade Marks Office with respect to registration Nos. 694, 697, 287589 and 287599 indicate that the Deed of Re-assignment dated 02.06.1980 was not mentioned.

This fact, contends counsel, is admitted by Exide India/the first plaintiff's witness, Mr. Barun Das.

23. Exide US argues that since the registrations (of the marks) were obtained by fraud, no rights flow out of the transaction. Further, it is Exide India/first plaintiff's case that the assignment of EXIDE took place after an Agreement for Sale and Purchase dated 03.01.1991. The terms of the said sale agreement are unknown as the document was not placed on record. Also, given that the averments made by Exide India pertaining to the sale of shares by Chloride Group plc in Chloride Eastern Industries Ltd. (Singapore) in 1991 and the change in shareholding of Exide India/first plaintiff in 1992 are not supported by any documentary evidence, it is impossible to determine as to what was the shareholding pattern, what rights the plaintiff/Exide India acquired from Chloride Group plc and whether such rights were legally enforceable.

24. In order to justify their prolonged absence in the Indian market, the Appellants rely on the decision of the United States District Court of 1947, which forced ESBC to divest its shareholding in CESCO. Although the decision continued to be in effect till 1983, Exide US continued its global usage of the word EXIDE during this period. As regards India, the Appellants urge that Exide US could not carry out business till 1991, as it was impermissible under India's foreign direct investment regime- in support, they rely on the affidavit of DW-1. During this period, Chloride Group plc (CESCO's successor) illegally transferred the trademark EXIDE to Chloride Industries Ltd. (earlier name of Exide India/first plaintiff). Although Exide India relies on the said agreement, it has also not been placed on record. Appellants also submit that the word EXIDE became a part of a corporate name of a company in India for the first time in 1995, when Exide India/first plaintiff changed its name upon having discovered that Exide US had entered the Indian market.

25. The Appellants impugn the Learned Single Judge's rejection of their argument on special circumstances to justify the first defendant/Exide US's abandonment of the mark EXIDE in India, on the premise that there was no pleading as to this ground and therefore, it could not be considered. It is argued that since Exide India

had never pleaded that the first defendant/Exide US had abandoned the mark EXIDE in India, they could not have taken the plea of special circumstances in the pleading. To prove existence of special circumstances on merits, Exide US relies on *Hardie Trading Ltd. v. Addisons Paint and Chemicals Ltd.*, (2003) 11 SCC 92; *Fedders Lloyd Corporation v. Fedders Corporation*, 2005 (30) PTC 353 (Del) and *Express Bottling Services Pvt. Ltd. v. PepsiCo*, 1989 PTC 14.

26. Exide US further contended that under trademark law, if there is more than one owner of the mark in different jurisdictions, the goodwill is deemed shared by two entities. It never recognizes a situation where one entity has superior right over that of the other entity. In any event, the original entity can never be made subservient to the entity formed later. The Appellants rely on *Revlon Inc. v. M/s Sarita Manufacturing Co.*, 67 (1997) DLT 399 and *Habib Bank Ltd. v. Habib Bank AG Zurich*, 1982 RPC 1.

27. Thus, Appellants claim ownership over the mark EXIDE based on the following facts:

a) ESBC Exide US s predecessor-in-interest created the mark EXIDE in 1900. ESBC has used the mark EXIDE in India from 1920s till 1947 through its dealers. Thus, Exide US established common law rights in India as early as 1921. Chloride Electrical Co, UK was under the control and ownership of Exide US, which was its majority shareholder.

b) Exide US never gave up its intentions to conduct business in India, even though it was unable to directly manufacture batteries in India and use EXIDE as a trademark from 1947 to 1991. Exide US s inability to use the mark during this period was an account of special circumstances, i.e., the US District Court ruling of 24.11.1947 resulted in the discontinuation of the Harvey Agreement , as well as trade in India. Its shareholding in Chloride Electrical Co. too had to be given up.

c) The other special circumstance, which prevented Exide US from trading in India, was the Indian Foreign direct investment policy, which placed severe restrictions. This circumstance was relieved in 1991. By then, in 1984, the US District Court injunction had been vacated.

d) Exide US acquired the second Appellant with the objective of resuming the use of the mark EXIDE in India once the special circumstances ceased to exist.

e) The registration of the mark EXIDE obtained by Exide India was fraudulent in nature and therefore, ought to be cancelled.

28. Based on such ownership, the Appellants/Exide US submit that the injunction was obtained by Exide India by suppressing and concealing material facts; Exide India/the first plaintiff is not entitled to the relief sought and that granted by the learned Single Judge; and Exide India/the first plaintiff is liable for passing off its goods as that of the appellants and consequently, appellants are entitled to damages for the same.

Submissions on Behalf of Exide India/plaintiffs:

29. Exide India/first plaintiff defends the impugned judgment and decree and submits as follows:

i. Exide India/first plaintiff is the continuous prior and registered user of the mark EXIDE in India and therefore, is entitled to restrain every person including the Appellants/Exide US from using the said mark in India.

ii. Exide US was not using EXIDE in India at any point of time.

iii. The Appellants /Exide US claims of trans-border reputation and existence of special circumstances is beyond the pleadings and cannot be urged as grounds of appeal.

iv. Exide India/the first plaintiff is entitled to restrain Exide US from using the corporate name/trade name EXIDE because EXIDE is a registered trademark owned by Exide India/first plaintiff and in any case, the trade name with the trade mark EXIDE is in use since 1947.

v. In light of the above, Exide India submits that the appellants have not shown use of the mark EXIDE till 1997 when the suit was filed. Even if it is assumed (but not admitted) that the first defendant/Exide US used the mark EXIDE through CESCO till 1947, there was clear abandonment of such use. By virtue of the fact

that the appellants never challenged the right of Chloride Group Ltd./CESCO to use the mark EXIDE in England or in India from 1902 till date, there is clear-cut acquiescence by Exide US in the exclusive use of the mark in these territories by the respective companies. The assignment of the mark EXIDE in India by Chloride Group Ltd. (UK) to Exide India has not been challenged and Chloride Group has not been made party to the same. On these grounds the appeal ought to be rejected.

30. Expanding on the said submissions, Exide India's senior counsel, Mr. Rajiv Nayar - and later, Mr. Chetan Sharma, Senior counsel, submitted that from 1902 to 1942, CESCO was importing batteries manufactured in England into British India and selling them under the trademark EXIDE. There was no Trademarks Act in India till 1940 and therefore, CESCO had registered the trademark EXIDE in the UK on 23.12.1902- (trademark Registration no. 250920). After the enactment of the Trademarks Act, 1940, on 8.6.1942, CESCO registered the trademark EXIDE and IRONCLAD EXIDE in India (trademark registration no. 694 and 697 respectively). In 1946, CESCO set up its first factory in India in West Bengal for manufacturing EXIDE batteries.

31. From 1902 to the Registration of the mark EXIDE in India in 1942, the exclusive use of the mark was that of CESCO. From 1942 till 7.2.1978, the use of the mark EXIDE in India was either that of CESCO or its successor Chloride Group plc. This entire use from 1902 to 1978 stood attached to Exide India upon assignment of the mark EXIDE to Exide India. For this submission, Exide India/first plaintiff relies upon *Dhariwal Industries Ltd. v. M.S.S Products*, (2005) 3 SCC 63 and *M/s Cini Foundation v. M/s Raj Kumar Sah and Sons*, ILR (2010) I Delhi 754.

32. Exide India/first plaintiff submits that the Appellants cannot challenge the assignment of the trademark in its favor on the ground of fraud without providing any particulars of the fraud and without even impleading the assignor (CESCO/Chloride Group plc). It is stated that in terms of the judgment in *Thukral Mechanical Works v. P.M. Diesels Pvt. Ltd.*, (2009) 2 SCC 768, an assignment cannot be challenged, without impleading the assignor. Further, Exide US, in the present case accepted Chloride Group plc's exclusive right to use EXIDE by

obtaining license in the UK according to its annual report. It is urged that nowhere in the written statement did the Appellants challenge CESCO's right or that of Chloride Group plc. Furthermore, the advertisements relied upon by Exide US do not show that they were the source of EXIDE batteries in India prior to Independence. Instead, they clearly show that Exide India's predecessor to be the source.

33. Exide India/the first plaintiff submits that the Exide US plea that by virtue of its majority shareholding in CESCO till 1947, the latter's use is that of the Appellants is fallacious. Mere shareholding in a company does not provide proprietary interest in the properties of the company/its trademarks/its intellectual property to a given shareholder. For this submission, Exide India/first plaintiff relies upon, inter alia, *Sturtevant Engineering Co. Ltd. v. Sturtevant Mills Co. of USA*, (1936) Vol. LIII RPC 430; *Bacha Guzdar v. CIT, Bombay*, AIR 1955 SC 74; *Star Industrial Co. Ltd. v. Yap Kwee Kor Trading*, 1976 FSR 256 (PC); *Indowind Energy Ltd. v. Wescare (India) Ltd.*, (2010) 5 SCC 306.

34. Exide India/first plaintiff further submits that even after the termination of the Harvey agreement in 1947, Exide US did not challenge the use of the mark EXIDE in India and on the other hand accepted Chloride Group's right to own the mark EXIDE in the UK by obtaining a license. Even after the termination of the decree by the US District Court in 1984, Exide US did not enter the Indian market. It is argued on behalf of Exide India/first plaintiff that Exide US admitted the non-use of the mark EXIDE in India from 1947 till 1997 and thus, it abandoned the use of the mark; they acquiesced in the use of the mark EXIDE in India. Exide India/plaintiffs rely upon *Hardie Trading Ltd. v. Addisons Paint and Chemicals Ltd.*, (2003) 11 SCC 92; *Cycle Corporation of India Ltd. v. TI Raliegh*, 1996 9 SCC 430 and *JN Nicolas (Vimto) Ltd. v. Rose and Thistle*, AIR 1994 Cal 43.

35. It is further urged by Exide India that the EXIDE trademark was registered in its favor since 1942. In 1947, CESCO incorporated a subsidiary in India named Exide Batteries (Eastern) Ltd., which changed its name to CEBEL on 11.2.1948. Presently, CEBEL is a subsidiary of Exide India. The first defendant/Exide US, however, adopted Exide as a part of its corporate name for the first time on

18.12.1980. Exide India/first plaintiff contends that it has been consistently held that merely because the holding company has with a particular corporate name, used by an international subsidiary does not authorize the holding company to invade in the local territory with its corporate name, and dilute the trademark and reputation attached to the local company. Exide India/first plaintiff submits that goodwill attached in a name or mark is territorial in nature.

36. It is also submitted by Exide India/first plaintiff that a company with a particular corporate name cannot be allowed to transact business in the same corporate name in a place where another has been running its business under that corporate name M/s Montari Overseas Ltd. vs. Montari Industries Ltd., (1995) 33 DRJ 271 is relied on for this proposition. Exide India/first plaintiff also cites Ellora Industries Ltd. v. Banarasi Das Goela, AIR 1980 Del 254 to contend the territorial aspect of trademarks.

37. Exide India/first plaintiffs in its cross-objection argues that the learned Single Judge has erroneously held that Exide US was a prior user of the mark EXIDE from 1902 till 1950. Thus, Exide India/first plaintiff claimed that the Appellants appeal should be dismissed and its crossobjections should be allowed.

Analysis and Conclusions:

38. The points that arise for our consideration can be summarized as follows:

- a) Whether Exide India is the lawful registered proprietor of the trademark EXIDE in India?
- b) Whether the first defendant/Exide US is prior user of the mark EXIDE in India?
- c) Whether use of the mark EXIDE by Exide US- in India, amounts to infringement/passing off?
- d) Whether Exide India s use of EXIDE amounts to passing off?
- e) Whether Exide India suppressed any material/relevant facts and, if so, whether the suit deserves to be dismissed on such ground?

Point No (a):

39. Elaborate arguments (detailed above) were advanced on behalf of the Appellants, Exide US to submit that Exide India is not the lawfully registered proprietor of the mark EXIDE in India as:

(a) it has played fraud on the Registrar of Trade Marks to get itself registered as a registered proprietor; and

(b) it is the first defendant/Exide US who is the prior user of the mark EXIDE , both in India as well as globally, and therefore, ExideIndia/first plaintiff could not have been registered as the proprietor of the mark EXIDE .

40. The learned Single Judge, according to us, correctly, declined to go into the issue of validity of trademark registration on the ground of lack jurisdiction of civil courts to examine such an issue under the Act. Section 56 of the (old Trade and Merchandise Marks Act, 1958), provides that any party that seeks cancellation or variation of the registration of a trademark shall apply to the High Court (having jurisdiction under Section 3 of the Act) or the Registrar. It is settled that the jurisdiction of the civil court to examine the validity of registration of a trademark with the Registrar of Trade Marks is ousted by the Act. During the course of hearing, the court was also informed that Exide US had preferred rectification proceedings questioning validity of trademark registration.

41. As noted in the impugned judgment, in instances where the validity of the trademark is challenged in a suit for infringement of the said trademark, the procedure prescribed under Section 111 (of the old Act) was to be strictly followed. In the event that the defendant challenged the validity of the trade mark prior to the institution of the suit, the Court is obligated to stay the infringement suit pending the outcome of the proceedings relating to the validity of the trademark [Section 111)(1)(i)]. However, where the defendant challenges the validity of such registration in a suit for infringement of trade mark subsequent to the institution of the suit, the civil court upon prima facie satisfaction that the plea of invalidity of registration of the plaintiff s trade mark, can adjourn the suit to enable the defendant to file an application challenging the validity before the Registrar or the

High Court (now, under Section 124 of the Act, the Intellectual Property Appellate Board) and the Court shall stay the suit pending the outcome of the such challenge proceedings if the application for cancellation/rectification is duly filed. If no application is filed by the defendant before the Registrar or the High Court (or IPAB), the defendant would be deemed to have abandoned its right to challenge the validity of the trade mark insofar as the suit proceedings are concerned [Section 111(3)].

42. It is therefore evident- from the provisions of Section 111(1) (now replaced by Section 124 of the Trademarks Act, 1999) that in no circumstance where the defendant seeks to challenge the validity of registration of the plaintiff's trade mark which forms the basis for the infringement suit, the civil court adjudicates upon the issue of validity of the registration. The jurisdiction to decide and pronounce upon the validity of a registration is exclusively that of the Intellectual Property Appellate Board (formerly the High Court, under the old Trade and Merchandise Marks Act, 1958).

43. It is not in dispute that the Appellants/Exide US did not institute any proceedings challenging the validity of the registration of the mark EXIDE prior to the institution of Exide India/first plaintiff's suit. Further, it is also not disputed that the Court has not held that the plea of invalidity raised in the defense is prima facie merited. In the circumstances, the issue as to validity of the mark EXIDE cannot arise for consideration in this case, before this court. The Court therefore disagrees with the appellants submission that the civil court may examine the validity of the registration of trademark, on the ground of fraud. This submission does not find any basis under the Act or case law. The jurisdiction to decide whether registration of a trademark was lawfully given or otherwise, or whether any user (of trademark) challenging registration has valid grounds for its challenge, is that of the exclusive forum provided under the Act, i.e., the Intellectual Property Appellate Board or the Registrar (Section 57). As noticed earlier, when the present suit was filed, the appellants had not preferred any application or proceedings before the appropriate authority (i.e., the IPAB) or the Registrar. Therefore, the suit could not have been stayed. However, the appellant appears to have approached the concerned authority for cancellation of registration. In these circumstances, there cannot be

any finding about the validity of Exide India's mark.

44. The next question is with respect to the Appellants plea of Exide US being the prior user insofar as the mark EXIDE is concerned, and Exide India's cross-objections contending that it is the prior user of the mark EXIDE from 1902 till 1950. This Court is not oblivious of the fact that the defense of prior use is statutorily available to Exide US under Section 33 of the Act in the event of a finding of infringement of Exide India's first plaintiff's mark. However, a determination of this aspect in the present proceeding would impinge upon the jurisdiction of the appropriate authority under the Act to examine the Appellants application under Section 56 of the Act challenging the validity of registration of Exide India's mark. Naturally, once it is held that a finding on prior use is outside the jurisdiction of this Court, the issues concerning abandonment and special circumstances also cannot be examined, as they constitute exceptions/defenses to prior use.

45. This Court's enquiry, therefore, would have to proceed on the assumption that the trademark registration in Exide India's name is valid. This is because of Section 31(1) of the Act, which provides that in all legal proceedings in relation to a registered trademark, the original registration of the mark shall be prima facie evidence of its validity. Noting this provision, along with Section 28(1) of the Act, this Court in *P.M. Diesels Pvt. Ltd. v. Thukral Mechanical Works*, AIR 1988 Del 282 held as follows:

The perusal of the aforesaid provision clearly shows that an exclusive right to the use of the trade mark has been given to the registered proprietor by Section 28(1) in relation to the goods in respect of which the trade mark is registered. It is the registered proprietor who is also given the right to obtain relief in respect of the infringement of the trade mark. It is true that Section 28(1) confers the right on the registered proprietor if the registration is valid. This provision has, Therefore, to be read along with Section 31(1) which, inter alia, provides that the registration of the trade mark shall be the prima facie evidence of the validity thereof. Reading the two provisions together, namely Section 28(1) and Section 31(1), the implication would be that as long as a trade mark stands registered in the name of a

proprietor, the said registration shall be deemed to be valid and the registered proprietor would have an exclusive right to use the said trade mark. If the registration is cancelled by an action being taken under Section 56 of the Act, then the protection and right afforded under Section 28(1) read with Section 31(1) would no longer be available, but till the Register of Trade Mark is corrected and the name of a person holding a trade mark is deleted, that person who is shown as the proprietor of the registered trade mark would continue to have all the rights and privileges which are conferred by the Act on the registered owner of the trade mark. Therefore, even though the plaintiff has filed an application in this Court being C.O. 6/87 for rectification of the Trade Mark Register for deletion of the name of the defendants there from, the registration of the trade mark in the name of the defendants is prima face evidence of the validity thereof because of the provisions of Section 31(1).

46. In view of the above findings, the question of the plaintiff not being the registered owner of the mark cannot arise. It is quite another matter that in the proceedings for cancellation of the mark, instituted after the suit was filed, Exide US impeached the title, on various grounds, including that the assignment pursuant to which Exide India became owner of the mark is suspect, or other grounds vitiating its registration. However, those aspects cannot be the basis of any decisive finding, because the appropriate and exclusive fora to adjudicate those issues are the IPAB or the Registrar. Issue No. (a) is accordingly answered.

Points (b), (c) and (d):

47. Now, we proceed to examine as to whether the Appellants/Exide US are liable for infringement/passing off in regard to Exide India s mark EXIDE and conversely whether Exide US is entitled to the reliefs claimed, in the counter claim. The test for infringement and passing off, and the distinction between the two, has been discussed in various decisions of the Supreme Court and this Court, which are quoted hereafter. In *Ruston and Hornsby vs The Zamindara Engineering Co.*, [1970] 2 SCR 222 it was held that:

"In an action for infringement where the defendant's trade mark is identical with the plaintiff's mark, the Court will not enquire whether the infringement is such as is

likely to deceive or cause confusion. But where the alleged infringement consists of using not the exact mark on the register, but something similar to it, the test of infringement is the same as in an action for passing - off. In other words, the test as to likelihood of confusion or deception and arising from similarity of mark is the same both in infringement and passing-off actions."

M/S S.M. Dyechem Ltd. vs. M/S Cadbury (India) Ltd., (2000) 5 SCC573 summarized the law in the following manner:

(1) The essential features test: It is well-settled that the plaintiff must prove that essential features of his registered mark have been copied. The onus to prove 'deception' is on the part of the plaintiff who alleges infringement. A mark is said to be infringed by another trader if, even without using the whole of it, the latter uses one or more of its "essential features". The identification of an essential feature depends partly on the courts' own judgment and partly on the burden of the evidence that is placed before it. Ascertainment of an essential feature is not to be by ocular test alone; it is impossible to exclude consideration of the sound of words forming part or the whole of the mark. (Kerly, Law of Trade Marks and Trade Names, 11th Ed. 1983, para 14.21). It is no answer to a charge of infringement - as contrasted with a passing off action - that the defendant's mark, whilst including the plaintiff's mark, includes other matters too. (Paras 26-27)

(1)When the question arises whether a mark applied for bears such resemblance to another mark as to be likely to deceive, it should be determined by considering what is the leading character of each. The one might contain many, even most, of the same elements as the other, and yet the leading, or it may be the only, impression left on the mind might be very different. On the other hand, a critical comparison of the two marks might disclose numerous points of difference, and yet the idea which would remain with any person seeing them apart at different times might be the same. Thus, it is clear that a mark is infringed if the essential features, or essential particulars of it, are copied. In cases of device marks, especially, it is helpful before comparing the marks, to consider what are the essentials of the plaintiff's device. (para 31)

(2) "The true test is whether the totality of the proposed trade mark is such that it is likely to cause deception or confusion or mistake in the minds of persons accustomed to the existing trade mark". (para 31)

(3) In yet another case of an infringement action, Parle Products the question was in relation to a wrapper with the words 'Gluko biscuit' and the particular colour scheme, the general get up used for sale of Parle's Gluco Biscuit' so printed on the wrapper. There was a farmyard with a girl in the centre carrying a pail of water and cows and hens around her in the background of a farm-house. The defendant was selling biscuits with the name 'Glucose Biscuits'. The wrapper contained picture of a girl supporting with one hand a bundle of hay on her head and carrying a sickle and a bundle of food, with cows and hens around, in the background of a building. This Court held, on those facts, that in an infringement action, it was sufficient if there was 'overall similarity' as would mislead a person usually dealing with one to accept the other if offered to him. Here the packets were of the same size and the colour scheme and design were having close resemblance. The marks should not be kept side by side and compared. The essential features of both marking were a girl with one arm raised and carrying something in the other while the cows or hens were near her, in the background of a house. (para 34)

(4) Zamindara Engineering Co. (1969(2) SCC 727) was again a case of an infringement action. It was admitted that the words 'Ruston and Rustam' were deceptively similar and the fact that to the latter, "India" was suffixed made no difference. The court pointed out the difference between an infringement action and a passing off action and held that if there was colourable imitation, the fact that the get up was different was not relevant in an infringement action though it might have had relevance in a passing off action. (para 34)

(5) Broadly, under our law as seen above, it can be said that stress is laid down on common features rather than on differences on essential features, except for a passing reference to a limited extent in one case. (para 34)

(6) It is clear that apart from the word PIKNIK, the essential features are also the special script of these words in block letters and the curve in which these words are inscribed and the caricature of the boy with a hat occurring between the words

K and N on the plaintiff's mark. On the other hand, the defendant's mark contains the words PICNIC in a straightline, the script is normal and the words 'Cadbury' are written above the words PICNIC. Neither the peculiar script nor the curve nor the boy with a hat are found in the defendant's mark. It is true that there is phonetic similarity and use of the word PICNIC. But what is the effect of the dissimilarities? This is the crucial part of the case. It is here that sufficient care is to be taken in applying the principles. In our opinion, in the present case, three tests to which reference has been made above, have to be applied. The first one is this: Is there any special aspect of the common feature which has been copied? The second test will be with reference to the 'mode in which the parts are put together differently? That is to say whether the dissimilarity of the part or parts is enough to mark the whole thing dissimilar (Kerly para 17.17 referred to above). The third test is whether When there are common elements, should one not pay more regard to the parts which are not common, while at the same time not disregarding the common parts? What is the first impression? As to the first test, whether there are any peculiar features of the common part which have been copied, it is seen that the peculiar aspects of the common features of PIKNIK namely the peculiar script and the curve have not been copied; then, as to the second test, we have to see the dissimilarity in the part or parts and if it has made the whole thing dissimilar. Absence of the peculiar script in the letters, the curve and the absence of the caricature of the boy with a hat, in our view, have made the whole thing look dissimilar. Then, as to the third test, the above three dissimilarities have to be given more importance than the phonetic similarity or the similarity in the use of the word PICNIC for PIKNIK. That is how these three tests have to be applied in this case.

48. The relevant test for deciding whether one trader or service provider, passes off his goods as that of another, a different test is adopted. The test of passing off was outlined in *Cadila Healthcare vs Cadila Pharmaceutical Ltd.*, [2001] 2 SCR 743 as follows:

Broadly stated, in an action for passing-off on the basis of unregistered trade mark generally for deciding the question of deceptive similarity the following factors to be considered:

- (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 resemblance 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.

Laxmikant V. Patel Vs. Chetanbhai Shah and Another, (2002) 3 SCC 65 described the action of passing off, in the following manner:

An action for passing-off will then lie wherever the defendant company's name, or its intended name, is calculated to deceive, and so to divert business from the plaintiff, or to occasion a confusion between the two businesses. If this is not made out there is no case... Where there is probability of confusion in business, an injunction will be granted even though the defendant adopted the name innocently

A person may sell his goods or deliver his services such as in case of a profession under a trading name or style. With the lapse of time such business or services associated with a person acquire a reputation or goodwill which becomes a property which is protected by courts. A competitor initiating sale of goods or services in the same name or by imitating that name results in injury to the business of one who has the property in that name. The law does not permit any one to carry on his business in such a way as would persuade the customers or

clients in believing that the goods or services belonging to someone else are his or are associated therewith. It does not matter whether the latter person does so fraudulently or otherwise. The reasons are two. Firstly, honesty and fair play are, and ought to be, the basic policies in the world of business. Secondly, when a person adopts or intends to adopt a name in connection with his business or services which already belongs to someone else it results in confusion and has propensity of diverting the customers and clients of someone else to himself and thereby resulting in injury .the gist of passing off action was defined by stating that it was essential to the success of any claim to passing off based on the use of given mark or get-up that the plaintiff should be able to show that the disputed mark or get-up has become by user in the country distinctive of the plaintiffs goods so that the use in relation to any goods of the kind dealt in by the plaintiff of that mark or get up will be understood by the trade and the public in that country as meaning that the goods are the plaintiffs goods. It is in the nature of acquisition of a quasi-proprietary right to the exclusive use of the mark or get-up in relation to goods of that kind because of the plaintiff having used or made it known that the mark or get-up has relation to his goods. Such right is invaded by anyone using the same or some deceptively similar mark, get-up or name in relation to goods not of plaintiff. The three elements of passing off action are the reputation of goods, possibility of deception and likelihood of damages to the plaintiff. In our opinion, the same principle, which applies to trade mark, is applicable to trade name.

49. It was remarked in *Durga Das Sharma vs Navratan Pharmaceutical Laboratories*, 1965 (1) SCR 737 that the rival or defendant s mark should be similar, i.e., so close either visually, phonetically or otherwise as to its likelihood of deception, the fact that the packaging and other get up used is different is immaterial, to result in action for infringement. However in the case of an action for passing off, if the essential features of the trade mark of the plaintiff have been adopted by the defendant, the fact that the get up, packing and other writing or marks on the goods or on the packets in which he offers his goods for sale show marked differences, or indicate clearly a trade origin different from that of the registered proprietor of the mark would be immaterial; whereas in the case of passing off, the defendant may escape liability if he can show that the added

matter is sufficient to distinguish his goods from those of the plaintiff."

50. As far as marks go, there can be no two opinions that the two rival marks are identical; the word Exide is a coined one; equally the stylized form, which the general public is familiar with, is distinctive and constitutes a class by itself. The question then is whose prior use among the two rival claimants, i.e., Exide US and Exide India, is to be taken note of. In this, the court, as a prelude would include a precautionary note - i.e., that the findings recorded are only on the issue of infringement and passing off, and would not in any manner be construed as final with respect to the validity of the trademark, in favour of the plaintiff Exide India, which is the subject matter of exclusive jurisdiction before the IPAB. In other words, the use of the mark EXIDE by the parties and their rival claims on this aspect are binding as far as their rights to use, but not the validity of the mark is concerned.

51. The evidence on record shows that the mark EXIDE was coined by Exide US's predecessor ESBC from the words Excellent Oxide : this is reinforced by Exhibit DW1/25, Exhibit DW1/41, Exhibit DW1/42 and Exhibit DW1/43 and the deposition of DW1 in support of this contention. The relationship between Exide US (through its earlier version and predecessor in interest) and Chloride Group Plc (the UK company which was consolidated and of which Exide US became the main shareholder) is a matter of record. Exide US established its acquisition of majority shareholding in Chloride Group Plc, through documents (Ex. DW-1/29 to Ex. DW-1/33). That Exide US had to divest itself of that shareholding, because of the Anti-Trust laws prevailing in the US and on account of the ruling of the US District Court of New York (dated 24.11.1947) is also a matter of record; the plaintiff/Exide India's line of questioning in this regard, with respect to Ex. DW-1/35, the said ruling, makes this evident. This ruling led to the Harvey Agreement, which resulted in Exide US being kept away from the Indian market. Furthermore, Exide US had relied on extensive documentary evidence (especially Ex. DW-1/44, DW-1/45 and DW-1/50) upon which its witness was cross-examined comprehensively by Exide India's counsel. These documents showed that Exide US had registered the EXIDE trademark in US in 1901/1932. It had also relied on the stylized version of the mark Exide () which was created according to it- in 1904. This was registered

as a mark in 1916 (Ex. DW- 1/49 and DW-1/57). These facts prove that Exide US all along had interest in the EXIDE mark. It was apparently trading in India, together with Chloride Group Plc, the UK Company. Exide US in fact owned Chloride Group- to a large measure.

52. Other documentary evidence is relied upon by Exide US, to say that its goods were sold through a common distributor, i.e Fand C Osler. Advertisements to establish this fact were produced- in the form of publication in The Statesman : Ex. DW-1/52, Ex. DW-1/54; Ex. DW-1/55 and Ex. DW-1/56). There is material (Ex. DW-1/10) even to show that Exide batteries (of Exide US) were supplied to light up the Taj Mahal, in the early twentieth century. Ex. DW-1/52, Ex. DW-1/54; Ex. DW-1/55 reveal that the representation made in the advertisement- was that Exide batteries of the US company were supplied by Chloride Group (the UK company) and F and C Osler. This in the opinion of the Court discloses profusion of objective material to say that Exide batteries, manufactured by Exide US were not only known in India, but marketed as such. What is important is that at that stage- indeed till 1947 there appears no conflict; Chloride Group plc (maybe because of Exide US position as its dominant shareholder or other commercial reasons) never asserted that Exide US did not have any right to market batteries in India under the trademark EXIDE.

53. A significant argument made by Exide India is that till 1940, there was no Trademark law in India and that the UK company (Chloride Group) got the mark EXIDE registered in UK for the first time in 1902 and after the first enactment came into force, had it registered sometime in 1942. This fact is used to assert that with the coming into force of the Trademark Act in India, it was Chloride Group Plc and not Exide US which applied for the mark (Ex. PW-2/1 and Ex. P-121). Exide India further states that this trademark which existed in Chloride Group s favour, agreed to transfer and assign various EXIDE trademarks to Exide India. This agreement was produced as Ex. P-114. On 22.09.1980, the mark EXIDE was registered in favour of Exide India, in Class 9: this was borne by Ex. P-112 and Ex. P- 117. Now, to say that its use of the trademark for the previous period (as a licensee), crystallized into that of a full owner, Exide India relies on the assignment documents (notably, Ex. P-126 and 128). The former is a crucial document, which

assigns absolutely the trademark rights of the previous owner, Chloride Group Plc. Now, interestingly, the assignment deed (Ex. P- 126) does not assign the goodwill in the mark, which means that the previous owner retained all residual rights arising out of use of mark in India. This is apparent from the following terms:

that the Assignor doth hereby assign transfer and convey each and all the said trademarks unto the Assignee and all the right title and interest of the Assignor to and in the said trademarks TO HAVE AND TO HOLD the said trademarks to the Assignee absolutely.

There is no indication that the goodwill in the mark was assigned or transferred to the plaintiff Exide India.

54. There is authority for the proposition that transfer, through assignment of a registered trademark, without goodwill, does not confer exclusive rights. It is possible for the assignor to claim the proprietary interest and all residual rights which might arise out of exclusion of goodwill, from the assignment. In the matter of an Application by Cranbux Ltd etc. (1928 (45) PTC 281) is an authority for the proposition that it is possible for a trademark owner to retain goodwill in one territory, even without having a place of business (The existence of a goodwill within Great Britain is of course perfectly consistent with the possibility of the owner of the business having no place of business within Great Britain). That decision is also authority for the proposition that the construction of an assignment deed is necessary to decide whether the goodwill in the mark stands assigned.

55. Habib Bank (supra, cited by Exide US) bears close scrutiny for the purposes of this case. In that decision, the facts were somewhat similar. Simply put, HBO was an overseas entity of HBL; the latter being a Pakistani Bank. HBO had incorporated HBZ, in Switzerland and had some shareholding in it. HBO had established a branch in the UK. Later, HBZ also established a branch. Upon nationalization of HBO and HBL, injunction was sought against HBZ from using the term and mark Habib Bank on the ground that it amounted to a misrepresentation. It was held that:

The proposition that a nationalisation decree which deprives individuals in a foreign jurisdiction of their control of a foreign company can have the effect of forcing those individuals to give up the use of a name which they have lawfully adopted and are lawfully using in another jurisdiction is one which, in any event, I find a little startling, and Mr. Jeffs has addressed to us, under his cross notice, an argument that the English Court will not prevent a company lawfully incorporated abroad from honestly using its corporate name in connection with a business carried on here.

56. As a matter of detail, it would be necessary to notice here that cases involving reorganization of businesses and corporations on account of expansion, mergers, takeovers and the problems arising from such events, due to use of shared properties, particularly trademarks have been considered in other decisions too. In *Scandecor Development AB v Scandecor Marketing AB* (1999 FSR 26) reorganization and business relationships resulted in expiration of a commercial arrangement; in the meanwhile the rights over the mark were assigned. However, goodwill of the overseas corporation was not assigned. The question was if the goodwill acquired by the local company (a subsidiary) belonged to the overseas trademark owner. The Court of appeal ruled as follows:

It may happen, as observed by Oliver L.J. in *Habib Bank Ltd v. Habib Bank AG Zurich* [1982] R.P.C. 1 at pages 20 and 30, that the goodwill in a mark is shared in the sense that an internationally known business based abroad, which establishes a branch in this country as part of that international organisation, does not cease to be entitled to its existing goodwill because there is also a goodwill in the local branch. In that situation it would be correct to assert that the international organisation retains its existing international goodwill and that the newly created branch or subsidiary company has a local goodwill in the business carried on by it in this country at the very least for the purpose of protecting it against injury by third parties.

(2) The goodwill established by S Ltd in the United Kingdom remained exclusively associated with S Ltd on the consensual partition of the Scandecor business in 1979 on territorial lines and that has been the position ever since. It did not cease

to be the goodwill of S Ltd in consequence of both trademarks remaining registered in the name of SIAB or because those marks were thereafter licensed to S Ltd and SIAB in respect of calendars and

similar products, as well as posters. SIAB had no pre-existing goodwill in the United Kingdom which it could licence to S Ltd. S Ltd was already entitled to that goodwill.

57. To reiterate the relevant facts here, Exide US coined the mark; entered into an arrangement whereby the Chloride Group of UK was given trading rights by virtue of the Harvey agreement—a document produced as Ex. DW- 1/28. The Chloride group of companies in UK was entitled to trade in this part of the British Empire. Exide US used to market its products right up to 1960, it had a common distributor, M/s Osler and Co. Exide US has placed on record several documents in support of its contentions in this regard. It has also shown that the US District Court at New York issued an anti-trust injunction restraining the operation of the Harvey Agreement, which resulted in a trade embargo. This decree was issued on 24.11.1947 (Ex. DW1/35); it resulted in the divesting of Exide US's shareholding in Electrical Storage Company Ltd. This development is significant, because the plaintiff is absolutely silent on it; in fact it derives and claims rights through a predecessor, who in turn traced its right to the Chloride Electrical Storage Co. Ltd. The decree was an involuntary action, which Exide US could not help. The embargo operated right up to 1984; only on 17.12.1984, the decree of 1947 was vacated (Ex. DW1/36).

58. In this court's opinion, therefore, there was sufficient material on the record showing that Exide US, the defendant had a bona fide use claim to use of the mark. Till the US Federal Court injunction operated, it was not in a position to use the mark in India; before that, it did: indeed the commercial operations adopted by it were such that the agent, Fand C Osler marketed its products till the mid nineteen sixties. Exide US's worldwide reputation too was proved on the record, through the copious documentary evidence which the single judge, erred in ignoring.

59. The material on record also shows that the single judge fell into error in holding that transnational or global reputation of Exide US was not pleaded. On this, the

authorities are clear that so long as the parties are left without doubt as to what is required to be traversed, inexactitude in the plea is not a bar; it is the substance of the pleading that matter, rather than the text. The Supreme Court held so, in *Konda Lakshmana Bapuji v Govt of A.P.* AIR 2002 SC 1012 that:

..it is a settled position that if the parties have understood the pleadings of each other correctly, an issue was also framed by the Court, the parties led evidence in support of their respective cases, then the absence of a specific plea would be no difference.

In *Nedunari Kameshwaramma v Sampati v Sampati Subba Rao*: [1963] 2SCR 208, a three-Judge Bench of the Supreme Court observed that:

"Though the appellant had not mentioned a Karnikam service inam parties well understood that the two cases opposed to each other were of Dharmila Sarvadumbalainam as against a Karnikam service inam. The evidence which has been led in the case clearly showed that the respondent attempted to prove that this was a Dharmilainam and to refute that this was a Karnikam service inam. No doubt, no issue was framed, and the one, which was framed, could have been more elaborate; but since the parties went to trial fully knowing the rival case and led all the evidence not only in support of their contentions but in refutation of those of the other side, it cannot be said that in absence of an issue was fatal to the case, or that there was that mistrial which vitiates proceedings.'

This view was approved by in *Kali Prasad (Dead) by LRS and Ors v Bharat Coking Coal Ltd and Ors* 1989 (2) SCR 283. In *Sardul Singh v Pritam Singh and Ors* 1999 (2) SCR 22, it was held as follows:

It is well-settled that notwithstanding the absence of pleadings before a court or authority, still if an issue is framed and the parties were conscious of it and went to trial on that issue and adduced evidence and had an opportunity to produce evidence or cross examine witnesses in relation to the said issue, no objection as to want of specific pleading can be permitted to be raised later

60. In the present case, both prior use and transnational reputation was averred by the defendant Exide US, in the following manner (in Para 21 of the amended written statement):

21. Paragraph 21 as stated is denied. The first Defendant is called the Exide Corporation and the second Defendant is a subsidiary of the first defendant. In the advertisements referred in Paragraph 21 the factual position was reflected. The first Defendant was using its own name, which it had adapted in the year 1980. The Plaintiff has admittedly adopted the name Exide Industries Limited only in the year 1995. The first Defendant is the first adopter and user of the trademark and trade name Exide worldwide and is entitled to use its own name and trademark in whatever advertisement it wishes to put out in the Media.

61. The last issue is that whether suppression of material facts relating to the prior history of Exide US's use of the trademark disentitles the plaintiff to the relief of permanent injunction, were it to be held to have been entitled to it. The single judge ruled that though permanent injunction is a discretionary remedy, in a given case, a plaintiff cannot be denied it, if material facts are suppressed and that the doctrine operates only at the stage of grant of temporary or interim relief. This understanding, in our opinion, is erroneous. The grant of permanent injunction is discretionary and not compulsive. Indeed, Section 41 (of the Specific Relief Act), which contains a negative list so to say, of situations where injunction can be refused, clearly declares, in Section 41 (i) that a court can refuse to issue injunction when the conduct of the plaintiff or his agents has been such as to disentitle him to the assistance of the court. This necessity of disclosing material facts and not practicing deception upon the court was emphasized in *Maria Margarida Sequeira Fernandes vs Erasmo Jack De Sequeira* 2012 (5) SCC 370. To the same effect, is the reasoning in *Vidur Impex and Traders (P) Ltd. v. Tosh Apartments (P) Ltd.* 2012 (8) SCC 384. It is therefore held that the plaintiff Exide India's omission to aver the background of circumstances relating to the acquisition of trademark rights in respect of Exide was fatal to its suit. This point is therefore, held against Exide India.

62. Exide US proposed use of the mark PRESTOLITE to market its products in India. The injunction sought by Exide India was to prevent them from using anything describing the origin, or their link with Exide US or corporate name and the fact that PRESTOLITE has links with Exide. The documentary evidence overwhelmingly points to Exide US's predecessors using the mark, in an unbroken manner in India for nearly half a decade; it also shows that Exide US was compelled by reason of the US Court's injunction to stop business in India for about three decades. Furthermore the documentary materials show that the title to the mark was prima facie obtained by the plaintiff, Exide India - however goodwill attached to the mark was not parted by the plaintiff's predecessors. This Court, therefore, holds that the Appellants/Exide US did not infringe the mark, or attempt to pass off a mark over which they had no right. Their use of the word Exide was, in the circumstances both bona fide and legitimately concurrent. Furthermore they had, by reason of the transnational reputation pleaded and proved, right to use it in India. The Appellants may describe the existing relationship between the first defendant/Exide US and second Appellant below the mark suitably. The suit for infringement and passing off has to fail. Since the material on record shows that the plaintiffs are registered owners of the mark, the counter claim cannot succeed; however, as to the right of the plaintiff to the registered trademark, the issue is left to the final decision of the IPAB.

63. The appeal and cross objections are therefore, dismissed in view of the above findings. There shall be no order on costs.

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