

*** IN THE HIGH COURT OF DELHI AT NEW DELHI**
+ WRIT PETITION (CIVIL) NO. 8973 OF 2008

% **Reserved on :** 7th September, 2009.
Date of Decision : 25th September, 2009.

M/S. KUNJ ALUMINIUM PRIVATE LIMITED ... Petitioner.
Through Mr. M. Dutta, Advocate.

VERSUS

M/S. KONINKLIJKE PHILIPS ELECTRONICS NV ..Respondent.
Through Mr. N. Mahabir, Advocate.

CORAM:
HON'BLE MR. JUSTICE SANJIV KHANNA

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

SANJIV KHANNA, J:

1. The petitioner, M/s. Kunj Aluminium Private Limited, was granted registration of the mark 'Philips' for non-electrical pressure cooker under class 21 of the Trade and Merchandise Marks Act, 1958 (hereinafter referred to as the Act, for short) by the Registrar of Trade Marks, vide order dated 9th December, 1996, rejecting the objections of the private respondents M/s. Philips Electronics NV and M/s. Philips India Ltd. (formerly known as Peico Electronics and Electricals Limited). By the impugned order dated 14th August, 2008, the Intellectual Property Appellate Board (Appellate Board, for short) has allowed the appeal of the

private respondents and has cancelled the registration of the mark 'Philips' in class 21 for pressure cookers granted to the petitioner.

2. Learned counsel for the petitioner had submitted that the impugned order passed by the Appellate Board is contrary to law as the petitioner had adopted the mark 'Philips' for pressure cookers in 1982 and the said mark had become distinctive. It was submitted that the private respondents do not manufacture non-electric pressure cookers and that the learned Appellate Board has failed to take into consideration, difference between the articles manufactured by the petitioner and the articles/goods manufactured by the private respondents.

3. Power of judicial review under Article 226 of the Constitution of India is not an appellate power. The impugned order, findings recorded therein and the contentions of the parties are not re-examined as in appeal, where subject to the statutory provisions, power of the appellate forum is coterminous. A Writ Court is concerned with the decision making process, culminating in the final conclusion but not merits of the decision. Explaining this aspect, the Supreme Court in ***H.B. Gandhi, Excise and Taxation Officer-cum-Assessing Authority versus Gopi Nath & Sons***, 1992 Supp(2)SCC 312 has observed as under:-

"8. But here what was assailed was the correctness of findings as if before an appellate forum. Judicial review, it is trite, is not directed against the decision but is confined to the decision-making process. Judicial review cannot extend to the examination of the correctness or reasonableness of a decision as a matter of fact. The purpose of judicial review is to ensure that the individual receives fair treatment and not to ensure that the authority after according fair treatment reaches, on a matter which it is authorised by law to decide, to a conclusion which is correct in

the eyes of the court. Judicial review is not an appeal from a decision but a review of the manner in which the decision is made. It will be erroneous to think that the court sits in judgment not only on the correctness of the decision-making process but also on the correctness of the decision itself."

4. While arriving at the final conclusion, the authority should not have acted with illegality, irrationality or procedural impropriety. Power must be exercised in a reasonable and fair manner. Illegality implies that there should not be misdirection in law. The decision maker should have correctly understood the issue; the law that regulates the decision making process; and given effect to it. Procedural impropriety is manifest in cases where there is failure to comply with a mandatory statutory provision or principles of natural justice causing prejudice to the aggrieved party. Material irregularity is apparent when the decision ignores relevant and material considerations; reliance is on extraneous or irrelevant considerations. Malafides or arbitrariness can vitiate the decision making process.

5. The respondent No. 1 is admittedly the proprietor of the trade mark "Philips" and the device seal with the word Philips at the top. The mark is well known and has extensive goodwill in India and abroad. It is a mark which has been nurtured and enjoys instant recognition. Philips products are well known in India, even in small towns and villages. Products of the private respondents like transistors, electrical bulbs, etc. command respect and enjoy preference amongst the consumers including those who are illiterate and semi-literate and are synonymous as products of quality and identified as products from a particular source. Appellate Board in this

regard has recorded that the appellants have been using the mark 'Philips' in India since 1950 and outside India even before. It has also recorded that the mark of the private respondents is of pre-eminent excellence and commands extensive goodwill in India as well as abroad and it is a globally well known mark. This finding of fact by the Appellate Board cannot be disputed. Learned counsel for the private respondents in this regard had drawn my attention to decision of the Punjab and Haryana High Court in ***M/s Banga Watch Company, Chandigarh versus N.V. Philips, Eindhoven, Holland and Another***, AIR 1953 Punjab and Haryana 418 holding, inter alia, that Philips is a household name in India and enjoys reputation of pre-eminent excellence of products of high quality manufactured by the respondents. In the said case, the appellant therein, was restrained from using the mark 'Philips' for watches and clocks on the ground that a customer would believe that the said products were manufactured by the private respondents. It may be noted here that the private respondents do not manufacture clocks or watches. However, keeping in view extensive goodwill of the private respondents and association of the mark 'Philips' with the said respondents as well as nature of products, injunction granted in favour of the private respondents was confirmed. In the said case, the Court also highlighted the fact that there was no explanation why and how the appellant therein had adopted the name/mark 'Philips'. Similarly in ***Jugmug Electric & Radio Co. versus Telerad Private Ltd.***, PTC (Supp)(1)767(Del)(DB), the Delhi High Court in its judgment has mentioned that 'Philips' is one of the well

known marks. In this case, the respondent used the trademark "TELERAD" in respect of "radio" receiving sets and component parts thereof" and also got the said mark registered. The appellant also got registered the same trademark in respect of domestic electrical appliances. The Court observed that the appellant therein was not able to give satisfactory answer as to why it chose the said trademark when it knew the same was previously being used and was registered as a trademark by the respondent therein. It was held that the appellant had deliberately copied the trademark of the respondent to obtain illegitimate advantage of the reputation of the respondent attached to the said trademark.

6. The Appellate Board in the present case has observed that there is no explanation why and how the petitioner herein had adopted the mark 'Philips' in the first place. The petitioners, their shareholders and Directors are Hindu by religion and not Christian, is an admitted position. They belong to upper middle class and, therefore, it is natural to assume and believe that they were aware of the mark 'Philips' and its public acceptance and acceptability. In these circumstances, Appellate Board came to the conclusion that the initial adoption of the mark 'Philips' by the petitioner was itself a deliberate and conscious attempt and desire to gain and profit from the goodwill of the private respondents. The said finding of the Appellate Board has merit and is justified. When the initial adoption itself is mala fide and tainted, then the continued adoption and use does not undo the illegality or bestow legality (Refer ***Ansul Industries versus Shiva Tobacco Company***, ILR (2007) 1 Del 409). In such

circumstances, registration should not be granted as it violates Section 12(3) of the Act, which reads as under:-

“(3) In case of honest concurrent use or of other special circumstances which, in the opinion of the Registrar, make it proper so to do, he may permit the registration by more than one proprietor of trademarks which are identical or nearly resemble each other (whether any such trademark is already registered or not) in respect of the same goods or description of goods, subject to such conditions and limitations, if any, as the Registrar may think fit to impose.”

7. The requirement of the Section 12(3) is that there should be honest and concurrent user. Both conditions; honesty as well as concurrent user have to be satisfied. When adoption at the very first instance is fraudulent and with the intention to dishonestly take advantage of the goodwill and reputation of a third person, element of honesty is missing. In such cases, requirements under Sections 12(3) of the Act are not satisfied.

8. Section 11(a) and 12 (1) of the Act read as under-

“11. Prohibition of registration of certain marks.-A mark—

- (a) the use of which would be likely to deceive or cause confusion; or

12. Prohibition of registration of identical or deceptively similar trade marks.- (1) Save as provided in sub-section (3), no trade mark shall be registered in respect of any goods or description of goods which is identical with or deceptively similar to a trade mark which is already registered in the name of different proprietor in respect of the same goods or description of goods.”

9. The mark of the petitioner and the private respondent is same i.e. 'Philips'. The question of dissimilarity between the products of the

petitioner and the respondents was examined by the Appellate Board. The petitioner, as stated above, manufactures non-electrical pressure cookers whereas the respondents are manufacturing electrical bulbs/fittings, electronic products and electrical kitchen appliances including rice cookers. It was argued that the private respondents do not manufacture non-electrical pressure cookers but the argument was rejected keeping in view the identical marks, the type of goods and the consumers of the said goods and the fact that the goods of the petitioner and the respondents are sold under the same shop.

10. Pressure cookers, as the general public perceives, are products which require expertise and technology. They are sold in shops, which also sell bulbs, kitchen equipments and sometimes electronic items. Electronic and electric items are also products, which require precision, technology and expertise. Keeping in view the nature and extent of goodwill of the respondents, consumers of the products and the manner and mode in which the goods are marketed and sold, the order of the Appellate Board does not seem to suffer from illegality, irrationality or procedural impropriety. It is important to apply a practical test in such cases, keeping in mind the nature of consumers of the products, who in India can be even persons who are semi-literate; are not diligent or cautious purchasers. The products like pressure cookers, electrical bulbs, transistors, etc. are today sold in small towns as well as villages and are available in the same shop. In these circumstances, it cannot be said that the Appellate Board had applied a wrong test in the impugned order.

Common law protects freedom of choice and rejects claim of monopoly in larger public interest but in a given case keeping in view the nature and type of goods, area of business, extent of goodwill to protect the interest of the consumers and to avoid possibility of confusion, request for registration can be rejected. Each case, therefore, has to be examined on its own merit and with the factual matrix in mind. This explains why the judgments relied upon by the petitioner in paragraph (P) of the writ petition, viz. i) in the judgment reported as PTC (Supp) (2) 863 (DEL) for the trade mark "Field Marshal"; ii) in the judgment reported as 2004 (29) PTC 532 (DEL) for the trade mark "Splash"; iii) in the judgment reported as 2007 (35) PTC 265 (DEL) for the trade mark "Canon"; iv) in the judgment reported as 1997 PTC (17) (DEL) for the trade mark "United"; v) in the judgment reported as 1996 PTC (16) (DEL) for the trade mark "Jumbo Label"; vi) in the judgment reported as 1996 PTC (16) (SC) for the trade mark "Charminar"; vii) in the judgment reported as 2001 PTC (889) (DEL) (DB) for the trade mark "555"; viii) in the judgment reported as AIR 1974 (DEL) (40) (DB) for the trade mark "Milkmaid"; ix) in the judgment reported as 2006 (33) PTC 553 (DEL) for the trade mark "Intel" and x) in the judgment rendered in IA 5911/2005 in CS (OS) 1059/2005 by this Hon'ble Court for the trade mark "Marc" and others are not applicable to the facts of the present case. In the present case, keeping in view the products of the petitioner and the private respondents along with other aspects like the consumers of the products, nature and extent of goodwill of the private respondents and the fact that the products of the petitioner

and the respondents are sold in the same shop, the aforesaid decisions cannot be applied. The ratio of these decisions in fact supports the contention of the private respondents.

11. There have been a catena of cases wherein the Courts have taken into account, the necessity to protect well known brands. In ***Shri Dalip Chand Aggarwal and others trading as New Era Electric Works versus M/s Escorts Limited, New Delhi*** 1981PTC 1, the Court held that:

“7. What has to be found is whether this mark which the applicants seek registration of has come to be known and associated with the name of the opponent, not necessarily with the particulars of the goods of the same description but generally with its goods. Thus if it could be shown that the mark has been extensively used in the market by the respondent with the result that any goods which may be marketed under the same mark will be associated with the name of the respondent so that people buying may feel that it is the product of the respondent, this could be a sufficient justification for refusing registration of a similar trademark in favour of the appellant.”

12. In ***Honda Motors Co. Ltd. versus Charanjit Singh & Ors*** 2003(26)PTC1(Del), the court relied upon decisions where injunction was granted in favour of the plaintiff on the basis of an action of passing off even though the plaintiff and defendant were trading in altogether different products. The Court held as under:-

“29.the Trademark law is not intended to protect a person who deliberately sets out to take benefit of somebody else’s reputation with reference to goods, especially so when the

reputation extends world wide." It further held that "With the changed concept of passing off action, it is not material for a passing off action that the plaintiff and the defendant should trade in the same field. I find that some business are truly international in character and the reputation and goodwill attached to them cannot in fact be held being international also. The plaintiff's business is of international character and obviously the reputation and goodwill attached to its trademark HONDA is also of international repute. The plaintiff's trade mark HONDA, which is of global repute, is used by the defendants for a product like pressure cooker, to acquire the benefit of its goodwill and reputation so as to create deception for the public who are likely to buy defendant's product believing the same as coming from the house of HONDA or associated with the plaintiff in some manner. By doing so, it would dilute the goodwill and reputation of the plaintiff and the wrong committed by the defendants would certainly be an actionable wrong and the plaintiff is within its rights to ask for restraint against the defendants from using its mark HONDA for their products."

13. Recently, in ***Beiserdorf A.G versus Ajay Sukhwani & Anr.,*** 156(2009) DLT 83 it was observed that:-

"**28.** Misrepresentation cannot exist in vacuum and is co-relatable to the extent, value and nature of goodwill of the plaintiff. Greater the goodwill, greater is the need to protect and wider is the cover and the field of protection. Household, well known or popular marks are given greater protection, when they cause to represent quality and have become synonymous with the public to represent a particular source. Some marks are such that the public relates any product carrying the said name/mark would emanate from the said source. Such marks may

be few but protective umbrella in such cases is wider and extensive. These are marks where line between the goods and the name is blurred. The mark starts to represent the source or the person than merely a particular or specific type of goods or services."

14. Referring to other cases where products/goods were different but the marks involved were household names that have come to embody reputation of preeminent excellence and quality and therefore given broader protection. The mark in question is recognized by all as a product of high quality and one which has international acceptance and recognition. A party who has developed and nurtured this mark to make it a household name and associate the name with products of high quality, is entitled to protection from third persons who want to claim benefit of its reputation.

15. In view of the aforesaid findings, I do not find any merit in the present writ petition and the same is dismissed. The private respondents will be also entitled to costs, which are assessed at Rs.10,000/-.

(SANJIV KHANNA)
JUDGE

SEPTEMBER 25, 2009
VKR